EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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WORLD SHIPPING
Emerging from financial straits
Page 14

World News

First trial in Romania ends with nine-year jail sentence

The first trial of those who fought to preserve the former Ceausescu regime ended with the accused receiving a nine-year jail sentence as popular concern was growing that the planned series of tribunals may involve only a token number of the hated former security police.

With scepticism growing across the country over the tribunal process there are suspicions that senior Securitate officers remain at large. Page 16

Nakasone named
Former Japanese Prime Minister Yasuhiro Nakasone was named in another share purchase controversy that threatens to damage his prospects for re-election and the chances of the ruling Liberal Democratic Party at a general election next month. Page 4

E Germans protest
About 100,000 people furious at the continuing power of the East German Communist party marched through Leipzig chanting "Down with Communists" and calling for German reunification. Earlier story, Page 2

Call for PLO talks
The mayor of Tel-Aviv, Shlomo Lahat, called for peace talks with the PLO, a week after Prime Minister Yitzhak Shamir nearly fired a cabinet minister for contacts with the group.

Iranians at odds
A dispute between Iran's leaders and Ayatollah Hossein Ali Montazeri, a focus for moderate opposition, is causing serious political tension which is eroding public confidence in the Government. Page 4

Israel restores ties
Israel's fast-improving relations with Eastern Europe warmed further with the announcement by Poland that it would restore next month diplomatic ties severed 23 years ago. Page 4

Burma poll objection
Rival to Burma's main opposition leader, Aung San Suu Kyi, objected to her running in May's general election, saying that she owed "allegiance to a foreign country." Page 4

El Salvador killings
Forty-seven crack Salvadorean troops were confined to barracks under investigation for the killing of six Jesuit priests last November, following President Alfredo Cristiani's accusation of military involvement.

Dissident to go free
A leading Soviet dissident, Sergei Kuznetsov, gained the promise of freedom after what his lawyer said appeared to be high-level intervention.

Greek prices to rise
Prime Minister Xenophon Zolotas, whose all-party government was formed to deal with the country's economic crisis, proposed a new wave of price rises to help finance Greece's high budget deficit.

Dutch monopoly
European Commission told the Netherlands to change a recent law that gives its nationalised postal monopoly an advantage over private courier companies. Page 2

Rebuff for right
East German border guards turned away West Germany's most prominent far-right politician, Franz Schönhuber, citing "fascist activities" as their reason for barring him entry.

Amnesty accusation
Amnesty International said it was disturbed by allegations that police torture and abuse of people in custody was widespread in Austria.

Business Summary

Conrad Black likely to take 20% stake in Diario 16

CANADIAN publisher Conrad Black is on the verge of his first continental Europe investment – a 20 per cent stake in Diario 16, the liberal Spanish daily.

Talks between Black, chairman of the Daily Telegraph group in the UK, and Diario, are believed to be at an advanced stage. Page 2

OIL prices plummeted as the markets retreated swiftly following last week's rally, when

Oil price
Brent blend crude ($ per barrel)

Source: Petroleum Argus

North Sea Brent oil touched a four-year high. Page 26

PETER Woo, son-in-law of Sir Yue-Kong Pao, one of Hong Kong's leading businessmen, has resigned from the chairmanship of the colony's cable television group. Page 17

DIXONS, UK electrical retailer, stepped up its bid battle against rival retailer Kingfisher by announcing interim results, a profit forecast and promising an 18.4 per cent rise in annual dividend. Page 17

CPI, California Pacific International, Singapore parent company of the US-based Weatherby Investments seeking to take over Alan Bond's brewing, media and resources empire, was registered as recently as November last year. Page 17

ITALIAN lira passed its first examination in exchange markets after its realignment and acceptance of tighter discipline in the European Monetary System. Page 2

WEST Germany's monthly trade surplus dropped 19 per cent in November as imports grew. Page 16

US Trade Representative Carla Hills said the US wantede international agreement by July on rules which guarantee maintaining market access as a preliminary to the completion of the Uruguay Round trade talks this year. Page 5

POLISH Central Planning official Stanislaw Dlugosz said conflicting problems threatened to dominate the 45th session of Comecon in Sofia. Page 5; Analysis, Page 16

US liquidators CK Partners, partnership investment fund created by Ivan Boesky, disgraced Wall Street arbitrageur, paid $248m in cash to 46 partners including Guinness, UK drinks group which was the largest single investor in the Boesky fund. Page 17

SOLVAY, Belgium's biggest chemicals group, plans a large rise in capital spending in 1990, underlining the expansionary mood of the European chemicals industry. Page 18

CEFIC, main Western European trade association for the chemicals sector, said Western Europe's chemicals industry would see expansion falter during 1990. Page 3

RETAIL Consortium, representing the UK retail sector, is lobbying the European Commission to support abolition of the Multi-Fibre Arrangement (MFA) regulating textile trade. Page 5

ACCOR, French hotel and restaurant chain, launched an issue of new shares with warrants worth $31lm to fund expansion. Page 21

Mandela discusses release plans with his wife

By **Patti Waldmeir** in Johannesburg


Winnie Mandela: optimistic

MR NELSON MANDELA, the jailed black leader, has discussed arrangements for his release with his wife, Mrs Winnie Mandela, the clearest sign yet that he will shortly be freed after 27 years in South African prisons.

"I don't think that we are talking about months any longer," Mrs Mandela said yesterday, after a three-hour visit to her husband's bungalow in the grounds of Victor Verster prison near Paarl.

Yesterday was the first time that the couple had discussed preliminary arrangements for the release, said Mrs Mandela who appeared noticeably more optimistic than after previous visits.

She smiled broadly and declared: "I am very hopeful now. This is the real stuff now."

The release of Mr Mandela, who was jailed for life in 1964 for planning the violent overthrow of the South African state, has seemed imminent on several occasions

But Pretoria has always frustrated those willing to guess at a date for his release.

Recently, however, Mr F. W. de Klerk, the South African President, has made clear that the African National Congress (ANC) leader's release was only a matter of time.

And over the past few weeks both Mr Mandela and the Government have appeared to be planning for his freedom.

Speculation has grown that Mr de Klerk may announce the release at or near the beginning of February, perhaps when he opens a new session of parliament in Cape Town on February 2.

Taken together with expected decisions to lift the three-year-old state of emergency and legalise political organisations such as the ANC, the release could lead to negotiations between Pretoria and black groups over political representation.

Much has already been done to prepare for Mr Mandela's freedom. The release of eight other long-term prisoners last October – among them top members of the banned ANC – was widely viewed as a trial run for the much more problematic release of the ANC leader himself.

No violent incidents attended their release and the Government's previously stated fear – that their freedom would cause chaos in black townships – proved unfounded.

His consultations in recent weeks with internal anti-apartheid leaders should contribute to an orderly release.

Eurotunnel partners confident of an agreement on financing

By **Kevin Brown** in London and **William Dawkins** in Paris

EUROTUNNEL, the Anglo-French Channel tunnel group, was last night on the verge of a crucial agreement on the future of the project with Transmanche-Link, the construction consortium.

Senior executives from both companies spent much of the day thrashing out the final details of a complex compromise agreement on how to cut the project's escalating costs.

Officials on both sides were confident that agreement would be reached in time to be presented to a meeting of Eurotunnel's lead banks today.

The agreement is likely to be accepted by the lead banks as evidence that the two companies can control the cost of the project, which has increased from £4.7bn ($7.7bn) in 1987 to more than £7bn ($11.4bn).

The lead banks will then ask the other 200 banks in the syndicate which is financing Eurotunnel to reopen the consortium's lines of credit.

That would enable Eurotunnel to start catching up on staged payments to Transmanche and will put the project back on course to open in June 1993.

Neither company would comment on the talks but the basis for the agreement is understood to be a draft produced by Eurotunnel and subsequently amended by Transmanche.

The draft provides for cost savings in areas such as running speeds through the tunnel and deferment of work on the terminals at Folkestone and Coquelles.

In return for this concession from Eurotunnel, Transmanche was thought to be ready to accept the removal of a cap on its share of any cost overruns. However, Transmanche was also seeking a delay in the completion date as a cushion against potential penalties for late completion.

The reopening of Eurotunnel's lines of credit would allow the project to continue, and remove the air of crisis which has surrounded it for the past three months.

But there would still be some way to go before the project was again on a firm financial footing, because the companies have decided to go to arbitration on the specific issue of construction work worth about £380m. A full refinancing deal which would provide the extra £1.5bn Eurotunnel will need to finish the project will not be possible until that issue is settled.

Meanwhile, a new irritant entered the talks as Transmanche took legal action against Eurotunnel for alleged non-payment of FFr416m ($73m).

Transmanche demanded an injunction to force Eurotunnel to pay the cash yesterday morning at a commercial court at Nanterre, just outside Paris near the head office of Dumez, project leader for the French members of Transmanche.

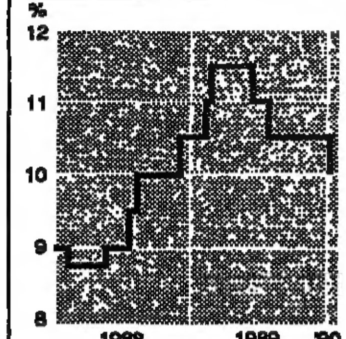
The court deferred judgement until the outcome of the talks in London.

"This is a contractual point. Eurotunnnel must pay according to standards accepted by both sides," said a Dumez official.

A Eurotunnel statement said that the cash had been scheduled for payment early this month, but this was now linked with the talks on "resolving certain contractual problems to do with financing cost over-runs."

Costs force short cuts, Page 6

US prime rate



Cut in US bank rate fails to lift markets

By **Roderick Oram** in New York

SEVERAL leading US banks cut their prime lending rate by half a percentage point to 10 per cent yesterday but the long-awaited move gave only a small boost to equities and none to bonds.

In spite of further easing of US monetary policy late last year by the Federal Reserve, the US central bank, the banks have resisted lowering their key lending rate. They said their overall cost of funds, including, for example, three-month Eurodollar deposits, had remained stubbornly high.

Only the maverick Southwest Bank of St Louis had responded last November to the Fed's gesture towards lower rates. But the tiny institution, which thrives on the publicity it gets from being the first to cut rates, had to backtrack in late November when the big money centre banks

Continued on Page 16

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Ford chief warns of world car glut

By **Kevin Done** in Detroit

THE WORLD automotive industry will be burdened by an excess production capacity of about 8.4m vehicles this year, an over-capacity of some 20 per cent, Mr Harold Poling, vice chairman and chief operating officer of Ford Motor of the US, warned yesterday.

The impact would be felt most severely in North America with about 6m units of this over-capacity directed at the North American market.

Mr Poling, who takes over as Ford's chairman and chief executive officer, the world's second largest automotive group, on March 1, said that over-capacity of this magnitude "means we will be facing a brutally competitive environment worldwide."

In a speech to the Automotive News World Congress he attacked the rapid capacity expansion by Japanese vehicle makers in overseas markets as "an unwelcome development."

Foreign manufacturers, primarily the Japanese, had built 12 new assembly plants in North America and Europe since 1980, eight of them in the last 18 months alone, and had announced plans to build two more.

When fully operational these plants could build some 3m vehicles a year, equal to half a million units more than the total annual production of Chrysler, one of the "big three" traditional US automotive groups.

Present Japanese plans for expanding their production capacity in Europe could lead to a capacity problem in Western Europe similar to the US, he said.

Mr Vincent Sarni, chairman and chief executive of PPG Industries, a leading US automotive component supplier, said there was the equivalent of 12 excess vehicle assembly plants in the US alone. The American consumer now had a choice of more than 600 models compared with about 400 only four years ago.

The "big ten" world vehicle makers faced "the commercial equivalent of war." Some of the combatants were faced with "capital spending needs that weigh heavily on their ability to stay on the field."

Continued on Page 16

Court case, Page 6

Former Ferranti man to give evidence in US action

By **Richard Donkin** in Washington

MR JAMES GUERIN, former deputy chairman of Ferranti International, the UK electronics and defence company at the centre of an investigation into an alleged £215m ($348m) fraud, will appear in Lancaster, Pennsylvania, today to give evidence for a civil action involving a former associate.

It will be the first time he has been seen in public since the Ferranti board broke the news of the alleged fraud in September.

The action arises from a severance pay deal arranged with Mr William Clark, a former corporate attorney with International Signals and Control, the Lancaster-based Ferranti subsidiary through which the fraud is alleged to have been committed.

Mr Clark left ISC in the spring of 1989 at a time when Mr Guerin was seeking a leveraged buyout of some of ISC's operations from Ferranti.

Mr Guerin was ordered by the Lancaster County Court to appear at Mr Clark's lawyers by January 15 to answer specific questions. If Mr Guerin fails to appear he will risk losing nearly $2m lodged with a Lancaster bank pending the outcome of the action. If he does appear he will face a full day of wide-ranging questions about his affairs.

While the questions would be held in private at a Lancaster lawyers' office they are likely to be transcribed for the public record. The Lancaster County Court refused to limit questioning directly to matters concerning the severance dispute. Mr Clark received $1m in severance pay but he claims he is owed a further sum, now approaching $2m with interest, from Parent Industries, a private company representing Mr Guerin's other interests and now renamed Urban Industries.

Mr Guerin, although no longer listed as a director his wife Helen is listed, guaranteed the payments. Attempts by Mr Guerin's lawyers to delay the questioning, pending the outcome of possible criminal charges from US and UK investigations into ISC, were rejected.

Mr Michael Peck, a former associate of Mr Guerin's and president of Urban, has also indicated he will appear for the depositions which would be used in the court action at a later date.

UN makes fresh peace bid as Cambodian conflict worsens

By **George Graham** in Paris and **Robin Pauley** in London

THE FIVE permanent members of the United Nations Security Council are to meet in Paris next Tuesday in a new attempt to find a peaceful settlement to the Cambodian conflict.

The meeting between representatives lower than foreign minister level from the US, Soviet Union, the UK, France and China has been arranged as the civil war in Cambodia intensifies.

The Phnom Penh government of Hun Sen is opposed by a coalition of three resistance groups, the most powerful of which is the Khmer Rouge, which appears to have gained ground amid fierce combats in recent weeks.

However, their claims greatly outweigh their successes. Mr John Pedlar, a former British diplomat in Cambodia, said from Phnom Penh last night that Khmer Rouge claims to have laid siege to Battambang, the country's second city, were "typical propaganda and not credible." Phnom Penh was quiet: "plenty of scary firecracker noises but not even a broken window."

Mr Pedlar said that the Khmer Rouge propaganda was having a demoralising effect on the Cambodian people, who feared a return of Pol Pot's regime.

"The most dramatic effect is on the riel currency which was stable at around 175 to the dollar in July, was 262 last week and is now 275. This is causing considerable hardship to the people and is the result of anxiety about the Khmer Rouge in spite of the fact that none of their claims of military successes is substantiated. They are not capable of taking a major town, never mind holding it. But they are good at making a small, noisy attack and then making huge propaganda claims."

Hopes for a negotiated peace settlement in Cambodia dwindled after an international conference in Paris failed in August to reach any form of agreement. Australia has now attempted to relaunch the talks with a proposal for a UN-controlled transitional administration, similar to the mechanisms for the transfer of Namibia from South African control. Cambodia's UN seat, currently occupied by the coalition, would be left temporarily vacant.

Mr Hun Sen discussed the ideas with Mr Michael Costello, Australia's special envoy on Cambodia, at the weekend and some progress was made.

The US has supported the Australian position, and is understood to have taken the initiative in calling for next week's meeting. However, the Khmer Rouges have ignored the Australian initiative and China, their main backers, have responded coolly. Mr Costello is due in Paris on Thursday, and next week's talks may be extended to include more than the five permanent Security Council members.

Cambodia's second city under attack, Page 4.

MARKETS

STERLING
New York close:
$1.6540
London:
$1.6535 (1.638)
DM2.7600 (2.7525)
FFr9.4100 (9.4025)
SFr2.5200 (2.5150)
Y238.25 (235.50)
£ index 87.2 (87.0)

GOLD
New York: Comex Feb
$406.7
London:
$404.75 (408.75)

N SEA OIL (Argus)
Brent 15-day Feb
$20.10 (−1.85)

Chief price changes yesterday: 17

DOLLAR
New York close
DM1.6675
FFr5.688
SFr1.5245
Y144.15
London:
DM1.6690 (1.6810)
FFr5.6910 (5.7400)
SFr1.5235 (1.5355)
Y144.05 (143.75)
$ index 66.7 (67.0)
Tokyo close 144.52

US LUNCHTIME RATES
Fed Funds $8\frac{1}{4}$%
3-mo Treasury Bills:
yield: 7.755%
Long Bond:
$100\frac{1}{32}$
yield: 8.090%

STOCK INDICES
FT-SE 100:
2,451.3 (−13.2)
FT Ordinary:
1,945 (−3.8)
FT-A All Share:
1,215.8 (−0.4)
New York close
DJ Ind. Av.
2,794.58 (+21.33)
S&P Comp
356.98 (−1.22)
Tokyo: Nikkei
38,294.96 (+20.20)

LONDON MONEY
3-month interbank:
closing $15\frac{1}{32}$ (same)
Liffe long gilt future:
$91\frac{3}{32}$ ($91\frac{13}{32}$)

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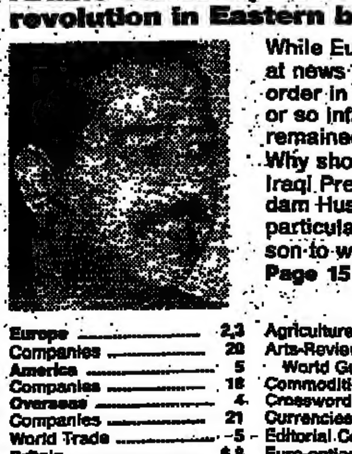
Arabic states squirm over revolution in Eastern bloc



While Europe rejoiced at news of a new order in Romania, 20 or so influential Arabs remained stony-faced. Why should they, and Iraqi President Saddam Hussein (left) in particular, have reason to worry?
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Brussels orders change in Dutch courier mail law

By Lucy Kellaway

THE European Commission has told the Netherlands to change a recent law that gives its nationalised postal monopoly an unfair advantage over private courier companies.

The move is part of a general effort by the Commission to foster competition in the market for express mail, and comes at a time when broader proposals for deregulating the the postal market are being drawn up.

The Commission's intervention falls under the controversial Article 90 of the Treaty of Rome, which gives it direct power over member states' legislation when nationalised monopolies are seen to be distorting competition.

The use of this article is being investigated by the European Court of Justice after a complaint brought last year by France, which claimed that the commission had over-stepped its powers in using the article to inject competition into the market on telecommunication equipment.

The Commission has given the Netherlands two months to amend the law, under which private courier companies have to publish their prices in advance, and comply with a schedule of minimum prices. The PTT Post, the Dutch post office, is not required to comply with either condition.

When the law came into effect at the beginning of last year, the Netherlands had a flourishing private courier market, employing more than 4,000 people, and offering services at well below the minimum price. The commission considered the law offered a grave threat to these companies and to their employees.

The hard line taken by the Commission in this case follows intervention by Brussels in France, West Germany, Belgium and Italy to stamp out anti-competitive practices by the post offices. Each country had been found to be using different ways of protecting the market: Italy, for example, had been forcing private couriers to put post office stamps on all deliveries, even if the post office itself was not involved.

The decision comes at a time when private courier companies are growing concerned about the power of European postal monopolies, and worried that any future liberalisation of the postal services will not go far enough.

The commission is investigating whether Germany's Bundespost is abusing its market position in bulk re-mail. It has also received complaints from the International Express Carriers Association that Denmark's post office is abusing its monopoly in the express mail market.

Were the Netherlands not to comply with the Commission's request, Brussels could take the matter to the European Court of Justice.

Lira firms against most EMS currencies after realignment

By John Wyles in Rome

THE Italian lira yesterday comfortably passed its first examination in the foreign exchange markets after its weekend realignment and the acceptance of tighter discipline within the European Monetary System.

Bank of Italy officials were contented, but not surprised, that the lira strengthened against most other EMS currencies from its Friday closing rates. The market usually reacts cautiously after a realignment – which in this case involved only the Italian currency, with a 3.8 per cent devaluation.

At the Milan fixing, the lira was quoted at 748.10 against the D-Mark compared to its new central rate of 748.21 and Friday close of 750.65. No central bank intervention was needed in what one official said was "an orderly market".

As reflected by the newspapers, popular reaction has been one of self-congratulation that the national economy has made enough progress over the past 10 years to allow the lira to join all but the peseta among currencies in the exchange rate arrangement within the narrower 2.25 per cent margin of fluctuation, after a decade at the looser 6 per cent margin.

In reality, the currency has been managed within a 3 per cent margin for 90 per cent of the time, according to the central bank, and progress needs to be made in correcting two fundamental weaknesses – inflation and the budget deficit – for the authorities to be confident of living comfortably within the narrower band.

As Mr Stefano Micossi, chief economist at Confindustria, pointed out yesterday, the inflation differential between Italy and France and Germany remains too high for comfort. Average Italian inflation last year was 6.6 per cent and few independent economists believe the Government's target this year of 4.5 per cent is credible.

The 3.8 per cent realignment of the lira was sought by the authorities largely to offset the accumulated inflation differential in relation to the D-Mark over the past three years. Italy did not seek a wider realignment involving other currencies and would, say officials, have opposed the idea if Bonn had formally proposed it.

Italian officials are much less certain than several private economists that there will be a general EMS realignment in the spring.

The lira's new central rates against other EC currencies announced yesterday are: D-Mark, L748.217; Dutch florin, L664.053; Belgian franc, L36.2764; French franc, L223.091; Irish pound, L2,004.43; Danish crown, L196.154; Spanish peseta, L11.5111; Ecu, L1,529.70.

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Black set to buy 20% of Diario 16

By Peter Bruce in Madrid and Raymond Snoddy in London

MR Conrad Black, the Canadian publisher, is on the verge of his first continental Europe investment – a 20 per cent stake in Diario 16, the liberal Spanish daily.

Talks between Mr Black, chairman of the Daily Telegraph group in the UK, and Diario, Spain's third largest daily newspaper, are believed to be at an advanced stage.

Mr Juan Tomas de Salas, Diario 16's publisher, confirmed he was in "advanced negotiations" with a quality British newspaper but declined to confirm it was the Daily Telegraph.

Diario 16 has been urgently seeking fresh foreign capital to help fight off growing competition in the Spanish newspaper market. The Grupo 16, a major Spanish magazine and newspaper publisher controlled by Mr De Salas last year fought off a determined takeover bid by Mr Robert Hersant, the French publisher.

But Diario 16, the group's flagship, has been hurt by the launch of a rival, El Mundo, by a former Diario 16 editor who fell out with Mr De Salas.

Salomon Brothers, the US investment bank issued a prospectus to selected UK newspaper publishers predicting that the paper's 1988 pre-tax loss (before extraordinary profits) of Pta 21m ($190,000) would recover to pre-tax profits of Pta 1.7bn by the end of 1992.

Mr Black also owns The Spectator, the UK political weekly, and last year bought the Jerusalem Post.

The Telegraph was a heavy loss maker when Mr Black won control four years ago but could make as much as £50m in pre-tax profits this year.

Mr Black's interest in Diario 16 could mark another big advance into Spain by the British newspaper industry.

The liberal British daily The Guardian has a 5 per cent stake in El Mundo, the Financial Times has bought just over one third of the country's biggest-selling business daily Expansion and Mr Rupert Murdoch's News International is reported to be buying a stake in Grupo Zeta, publisher of popular magazines and a business daily.

'Neo-fascism' raises hackles in Berlin

By Leslie Colitt in East Berlin

JUDGING by the East German Communist Party and the official media, East Germany has become a hot-bed of right-wing extremism.

ADN, the East German news agency, yesterday reported another outbreak of neo-Nazi activities. Commuter trains in East Berlin and Frankfurt-on-the-Oder were smeared with swastikas and slogans calling for the expulsion of Turks and Russians and proclaiming "the Reps are coming!": the right-wing West German Republicans (Reps) are reported to have close links with like-minded East Germans.

In the city of Bautzen, walls were daubed with "Hang all the Reds" and "Join the Reps" as well as swastikas.

In a spectacular action late last month, the Soviet war memorial in East Berlin was smeared with slogans calling for the "occupiers" to be expelled. Moscow expressed its dismay and the new East German leader, Mr Gregor Gysi, who is Jewish, apologised and warned against both home-grown and imported right-wing extremism before a rally of 250,0000 people uniting "against neo-fascist activities".

But on New Year's eve a Soviet war memorial in Gera was desecrated and anti-Soviet slogans scrawled in a housing area for Soviet citizens. The perpetrators were a group of youths who had no record of right-wing sympathies.

Party officials, however, have blamed the upsurge in radicalism on East Germany's fledging opposition, which has refused to allow an Office for the Protection of the Constitution to assume some functions of the hated state security force – popularly known as Stasi – which is officially being dissolved. The party claim this has created a security vacuum which is being filled by the radical rightists.

For the opposition's part, Mr Markus Meckel, deputy chairman of the East German Social Democrats (SDP) said a "certain danger" existed from the right, but that it was no greater than in West Germany.

"Young people who wanted to protest in the past did so by neo-Nazi actions," he noted. East German criminal police reports spoke of only 1,148 "neo-fascists" in the country (population 16m) early last year, of whom 60 per cent had a criminal record. Most of them were between 17 and 35 years old and were skilled workers, apprentices or pupils.

But Mr Meckel said the Communist Party was using the latest incidents to press for a new security agency.

Prof Kurt Masur, the conductor of Leipzig's Gewandhaus Orchestra and a party member who helped avert a clash between demonstrators and the security forces last October, said there was a "great danger" of over-estimating right-wing radicalism in the country.

The East German Christian Democrats, who are allied with the Government, even suggested in a newspaper commentary last weekend that the Communist Party would "invent fascist and neo-Nazi spectres if they did not exist".

But Mr Gysi rejected the charges. Speaking to party officials, he said it was "disgraceful" and "monstrous" that some opposition groups had suggested that the party was using the issue in the campaign for the elections next May 6.

Many East Germans believe the anti-fascist campaign is being greatly overdone by the party and may indeed be hurting whatever credibility it may have regained in the process of renewing itself.

E German elections spark debate in Bonn

By David Marsh in Bonn

LEADING West German politicians yesterday hit out at a planned East Berlin ban on external financing of the East German election campaign, claiming this would add to the disadvantages faced by opposition groups in the East.

Mr Otto Lambsdorff, chairman of the liberal Free Democrats (FDP), junior partner in the centre-right Bonn coalition, raised the temperature by calling on Chancellor Helmut Kohl to shelve plans for a new East-West German summit over the next few months.

Yesterday's flurry of West German indignation provides a foretaste of the bickering likely on both sides of the Elbe this year as the countdown starts for separate general elections in the two German states.

All the main West German parties believe a bar on funding of East German opposition groups from the Federal Republic would give an unfair advantage to the Communist Socialist Unity Party (SED).

If East Berlin opened the door to aid from the West, the non-Communist parties would also run into criticism that they were being aided to topple the SED by West German financial largesse.

Mr Volker Rühe, the general secretary of Bonn's ruling Christian Democrats, said yesterday that the East German electoral plans would, if enacted, "freeze" 40 years of political inequality in the East.

● Leslie Collitt adds from Berlin: The East German Government and the opposition narrowly averted a collapse of their round-table talks over the heated issue of the disarming of the Stasi security police.

Six opposition groups at yesterday's talks demanded that Mr Modrow personally guarantee that the Stasi weapons had been impounded. But Mr Modrow was away in Bulgaria.

A threatened walkout by the opposition was averted only when the government agreed that its report on the disbanding of the security services was inadequate.

Denman attacks UK 'disdain' for EC

By Tim Dickson in Brussels

SIR Roy Denman, a former senior British civil servant and recently retired European Community ambassador in Washington, yesterday attacked what he called London's "insular disdain" for the EC bureaucracy.

In an interview about Britain's "time-warped" mentality towards the EC, Sir Roy said "home" civil servants seconded to the European Commission are too often treated with suspicion on their return to London, while those who stay behind are given too little domestic backing in their struggle to move up the Brussels hierarchy.

Sir Roy's comments come at a time of growing anxiety about Britain's apparent failure to win its fair share of influential posts in the Commission, and hence shape Community thinking.

The main interest of this highly nationalistic struggle is who will take over from Mr Fernand Braun, the outgoing director general of the Brussels department responsible for internal market affairs. Britain's candidate is Mr John Mogg, under secretary at the Department of Trade and Industry, but the strong favourite is Mr Riccardo Perissich, the Italian who now is deputy director general.

Sir Roy said yesterday Mr Mogg was not the ideal candidate and his nomination was part of a deeper malaise – which he observed from Washington for the last seven years – of some people in Britain thinking that the Commission "is a bit like a Latin American comic opera".

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Bulgarian anti-Turk strikes suspended

BULGARIAN nationalists called off strikes and protests against religious freedom for the Moslem minority yesterday, to await the outcome of talks on the country's ethnic problems, Reuter reports from Sofia.

A Social Council, set up by the National Assembly on Sunday, held its first meeting after a week of demonstrations against the new Communist leadership's restoration of religious and cultural rights to Bulgaria's 1.5m Moslem Turks.

Mr Andrei Lukanov, a Politburo member and leading reformist, represented the Government at the talks with opposition leaders and representatives of Bulgarian nationalists and ethnic Turks.

Mr Petar Beron of the environmental opposition group Eco-Glasnost said the hour-long meeting set guidelines for another session planned for tomorrow. "I think they will be able to resolve the issue," he said. He gave no details.

Thousands of Bulgarian nationalists gathered in Sofia on Sunday to repeat demands for a referendum on the rights of ethnic Turks.

Organisers of the protest, which began in the south-eastern town of Kurdzhali, agreed to stop demonstrations while the talks were under way.

The opposition, which admits to losing grass-roots support because of its backing for the Turkish cause, has accused hardline Communists of encouraging the protest to sabotage the democratic process which began with the sacking of hardline leader Mr Todor Zhivkov in November.

"The anti-reformists are trying to fight their last battle over the ethnic issue," Mr Zhelio Zhelev, president of the opposition Union of Democratic Forces, said yesterday.

In a forced assimilation drive under Mr Zhivkov's regime, ethnic Turks and 200,000 Bulgarian Moslems were forced to assume Bulgarian names and banned from practising their religion.

The new party leadership under Mr Petar Mladenov reversed the policy it knew had tarnished Bulgaria's image in the West.

Economists recapture Finance Ministry from Elena

Romania's economy was strangled by repayments, xenophobia and statistics, reports **Judy Dempsey**

OF THE many institutes which will benefit from the dismantling of the Ceausescu regime, the one likely to thrive most will be the Ministry of Finance.

Under the old regime, it had no opportunity to speak out. The minister was a pawn manipulated on a chess board by the Ceausescus.

In particular, the former dictator's wife, Elena Ceausescu, ran the ministry. Not only that, she was directly responsible for overseeing the repayment of the country's foreign debt. It was the breakneck speed with which the \$10bn (£6bn) foreign debt was repaid well ahead of schedule, while the population was deprived of basic needs, that contributed to last month's uprising.

Unwittingly, in the pursuit of complete independence from Western financial institutions and advice from the International Monetary Fund, the executed Mrs Ceausescu had planted the seeds of the revolution which just two weeks ago, toppled her family.

The economic and social costs of repaying the debt were well known to the research department of the finance ministry. In 1987, a group of them had put together a comprehensive analysis on this very subject. Drawing on official data (which could not be relied upon), and statistics from the World Bank and other European banks from 1971 to 1986, this group of economists concluded that the Romanian economy did not have the means to repay the debt.

They showed that in the race to repay, capital investment had been neglected. "There was practically zero input in this area after 1980," explains Mr Luigi Toma, a young economist who now works closely with the National Salvation Front, the de facto Government since the revolution.

Among other things, the report advocated an injection of capital investment to make the economy more competitive and to modernise the ageing infrastructure. All of this would have required foreign borrowing.

Such thoughts however were heretical to a leadership bent on cutting itself off from any outside influences. The report was never presented and remained shelved while life went on as before.

That life was more than Kafkaesque. Any queries from the International Monetary Fund or the Paris Club could not be dealt with directly by the foreign exchange department of the finance ministry. Instead, the economists in that department had to deal with Mrs Ceausescu's advisers.

"We could never make contact with these people," explains one economist, still shy of giving his name. "Sometimes, the IMF wanted an answer on the same day. But we never saw these advisers in order to have the permission to give the answer. These people were anonymous. All we received were instructions from above. We had no power. None of us dared speak out."

Elsewhere in the other economic institutes in Bucharest, the atmosphere was just as strained. Articles commissioned by Mr Constantine Olteanu, the respected editor-in-chief of Rivista Economica weekly, were strictly censored. When I last interviewed him in November 1987, he was flanked by an official interpreter, one person who took notes, another who listened, and the magazine's own interpreter. The pressure was such that Mr Olteanu finally defected to the West.

It was the same in other research institutes set up under Mrs Ceausescu. But there was one haven of relatively free thinking, the Institute for World Economics.

Set up in 1967, it had been headed since 1970 by Mr Costin Murgescu. He protected the younger generation of economists. But when he died last August, the institute was taken over by Mr Barbu Petrescu, the party boss of Bucharest and the nephew of Mrs Ceausescu. He also censored Rivista Economica.

And so it went on. All these institutes were deprived of the most basic information.

Any time finance ministry officials wanted any material photocopied, they had to go to a special room. There, three people monitored what was being copied. Needless to say, there were no fax machines at their immediate disposal. Everything was centralised. The Securitate, who hardly knew how to add, accompanied these economists to IMF meetings or to the Paris Club.

And when the regime became obsessive about the "infiltration" of foreign ideas or any criticism of the country, "the gerontocrats and the stalinists of the Ministry actually campaigned to stop the subscription to the Financial Times for 1989", commented an economist.

What is remarkable about all this is that in a country practically paralysed by a brain drain and a policy of "de-Europeanisation", indeed a conscious policy of "de-development" pursued by the Ceausescus, the new interim Government has the energy and intellect to embark on a radical economic programme.

This is a programme which cannot be categorised by any Western/liberal models. It is a programme born from the damage and experiences of the past 40 years. Although it is still on the drawing board, economists such as Mr Mihail Draganescu, who is now one of the main brains in the Ministry for National Economy, has embarked on a plan which will give priority to meeting the basic needs of the people.

As part of the plan, a new pricing system will have to be introduced to stimulate agricultural production. Some economists, including Mr Toma, argue that, as in West Germany and the UK, farmers will have to be heavily subsidised in the future. This sector of the economy was neglected for four decades.

The pricing system, in fact, *is almost entirely undeveloped.* "We do not know the real value of the lei [the Romanian unit of currency]," says Mr Toma. "No equilibrium exists between monetary and material flows."

Moreover, there are almost no economic statistics. "They were rigged. The strategy of 'development' was made on false statistics," says Mr Toma. "We now need social scientists to help us analyse the hard data. All the economic units and the enterprises and the institutes must make an assessment of the real state of the economy. Without the availability of real social and economic facts, we cannot develop an economic strategy."

Deprived of basic needs: Poor Romanians queuing outside a church in downtown Bucharest yesterday waiting for free food from the priest

Athens to press Albania over Greek minority

By Kerin Hope in Athens

GREECE plans to step up pressure on Albania to improve human rights for the ethnic Greek minority living in the south of the country, following reports that a villager died after being arrested for trying to escape to Greece.

With Albania now the last hard-line communist stronghold in Eastern Europe, Greek officials believe the time has come to push for more liberal treatment of the 250,000-strong minority living in north Epirus, adjoining Greece's north-western border.

"This is an issue that will matter more and more as time passes. We can't ignore what's happening in north Epirus," says the Greek foreign minister, Mr Antonis Samaras, who has called for religious freedom for the Greeks in officially atheist Albania.

There have been reports of arrests in three southern Albanian towns in the past two weeks, at Tirana University and in the northern town of Skodra, in protests apparently triggered by the overthrow of the Ceausescu regime in Romania. Although tuning in to foreign radio and television stations is banned, many Albanians have watched events in Eastern Europe on Greek or Yugoslav television.

"You couldn't say there were demonstrations. We heard of small groups of people publicly showing dissatisfaction, who were quickly picked up by the secret police," said Mr Menelaos Tselios, head of the US-based North Epirus Action Group.

In the village of Pepeli, one of four brothers from the Prassos family who were arrested on the border last October died after after being dragged through the village behind a tractor, he said.

The Albanian embassy in Athens denied the incident and last week released a videotape purporting to show the brothers celebrating New Year at home.

The Albanian leader, Mr Ramiz Alia, has promised economic improvements but said last week that the country's commitment to self-reliance will not change.

Suzuki in Hungarian deal

JAPANESE car-maker Suzuki is to assemble cars in Hungary under an agreement with Hungarian bus-maker Ikarus, the Hungarian news agency MTI said yesterday, Reuter reports from Budapest.

Details of the deal are to be revealed at a news conference today, the agency reported. Ikarus officials were not available for comment.

But MTI's Econews service said the agreement was to assemble 50,000 Suzuki Swift models annually at a plant "apparently" to be built at the ancient Danube-side city of Esztergom, north of Budapest.

The plant would cost 9.5bn forints (£92m) of which 5.1bn would come from Japanese bank credits, the news agency said, quoting "quasi-official" Hungarian sources.

Production is expected to start in 1992 at 15,000 cars annually, with full capacity to be reached in 1994. Half the components will eventually be made in Hungary and 40 per cent of the production will go to Western Europe, MTI said.

Hungary, which has a population of 10.6m, has no carmaker of its own. There is a waiting list of 400,000 customers for cars.

European chemicals growth set to falter

By Peter Marsh in London

WESTERN Europe's chemicals industry, after several years of strong growth, will see expansion falter during 1990, according to new projections which underline the possibility of a general economic slowdown in manufacturing across the region.

The business, with total production in Western Europe last year of about \$350bn (£200bn), is among the continent's biggest manufacturing businesses and employs 2m people.

The world's top four chemicals groups – Hoechst, Bayer and BASF of West Germany and Britain's Imperial Chemical Industries – are all European-owned.

Since most of the industry's output is used by other branches of production sectors rather than by consumers directly, chemicals acts as an indicator of the fortunes of manufacturing generally.

Forecasts from Brussels-based Cefic, the main Western European trade association for the chemicals sector, say output in 1990 will be 2.5 per cent higher than last year. That compares with rises in production of 3.6 per cent in 1989 and 6.7 per cent in 1988.

The recent capital investment growth in the industry is also starting to show signs of petering out, according to the projections.

Cefic, which covers all the EC countries except Greece, as well as Austria and Scandinavia, says investment across Western Europe will be 2 per cent above the industry's record capital spending last year of \$23bn.

Industry representatives are generally happy with the short-term outlook. "We are not disappointed; we are seeing a stabilisation in the industry, but at a high level," said Cefic. "It is a soft landing for the industry."

The Cefic forecasts go no further than the end of this year. Later in the 1990s, chemicals managers foresee a further reduction in growth rates, though many believe the possible opening of new markets in Eastern Europe will provide a useful fillip for the sector.

Cambodia's second city under Khmer Rouge attack

By Robin Pauley, Asia Editor

KHMER ROUGE guerrillas appear to be making small but important gains in the Cambodian civil war now that the dry-season offensive by the opposition is well under way.

They are said to have attacked Battambang, a strategic provincial capital and Cambodia's second city, inflicting a major psychological blow on the Phnom Penh government of Mr Hun Sen. However, reports remain confused, based on second-hand reports and rumour.

Khmer Rouge Radio claimed that Battambang, 230km north-west of Phnom Penh, was burning and that Khmer Rouge troops were fighting within the city itself. Another report said the Khmer Rouge had laid siege to Battambang, a city of 60,000 people, but this is thought unlikely by Western military analysts.

One of the difficulties is that both the Cambodian Army and the three resistance groups, of which the Khmer Rouge is the most powerful, are very poor military performers. None is particularly good at taking and holding major objectives.

The Khmer Rouge has never yet managed to take and hold a town, with the exception of Pailin, near the Thai border, which was deserted apart from some soldiers and armoury when the Khmer Rouge overran it in October, apparently with Pol Pot, their brutal leader, at the head of his forces.

It is not clear who presently controls Pailin.

However, General Tie Banh, the Cambodian Defence Minister, admitted on Sunday night that his troops had lost some ground to rebel forces.

The Khmer Rouge strategy since September, when the Vietnamese withdrew their occupation army, appears to have been a classical Maoist guerrilla campaign to unnerve and destabilise the Phnom Penh regime by making sudden strikes in key areas and

then withdrawing to its jungle strongholds near the Thai border, only to pop up quickly somewhere else.

The Khmer Rouge is good at exploiting its forces' knowledge of hostile territory, including the jungle areas close to Thailand and the Cardomomes mountain range. Small guerrilla units are able to launch hit-and-run strikes all over the country; sometimes close to Phnom Penh and the key southern port of Kompong Son, other times far from the capital at places like Battambang, Svay Chek and Angkor Wat, the site of the country's most important Bhuddist temples.

The Khmer Rouge is also good at cutting road and rail links, but not permanently. It said at the weekend, the 11th anniversary of the Vietnam invasion which toppled Pol Pot's regime, that two bridges on the strategic rail and road link between Battambang and Phnom Penh had been destroyed.

Although the war is costing countless more lives, both sides are fighting for leverage in the next round of diplomatic negotiations as the international community takes a renewed interest.

The Australian Government's special envoy on Cambodia, Mr Michael Costello, apparently met Mr Hun Sen in Cambodia on Sunday to discuss an Australian proposal to replace the embattled Cambodian government with a United Nations interim administration.

The official Cambodian news agency said both sides agreed to the idea of involving the UN in an interim administration pending free elections, with Cambodia's seat in New York to be vacated "at an appropriate time".

Both that agreed detailed negotiations were needed on the exact form of the UN involvement.

Australia's proposal, which is gaining widespread international support, calls for a team of some 200 UN administrators to govern Cambodia as "trustees" pending elections. They would be backed by a UN peacekeeping force of some 7,000 men.

Nakasone threatened by new share scandal

By Robert Thomson in Tokyo

MR Yasuhiro Nakasone, the former Japanese Prime Minister, has been named in another share purchase controversy that threatens to damage his prospects for re-election and the chances of the ruling Liberal Democratic Party at a general election next month.

An official of a Nakasone support group, the Sanno Economic Research Institute, has confirmed that an aide to the former prime minister made profits, after tax, of about Y116.5m (£503,000) in buying and selling 100,000 shares from a stock speculator over a month in 1987.

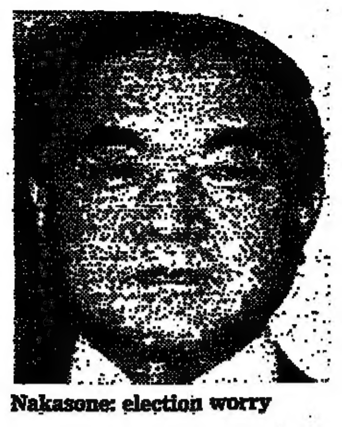
But the official insists that the aide, Ms Eiko Ota, responsible for Mr Nakasone's fund raising, had conducted a "personal deal and the profits were not a political donation", but were used to build a religious complex.

The controversy, which money market dealers say has undermined confidence in the yen, comes at an embarrassing time for the LDP and Mr Nakasone, who has already begun campaign for re-election to parliament and is attempting to rehabilitate a reputation severely damaged by the Recruit stock scandal.

LDP officials fear that further, more damaging information will surface about the stock deal, as it is unclear where Ms Ota got the money to buy the stocks and, despite the claim that the proceeds went to the religious complex, all of the funds have not yet been publicly accounted for.

The same aide was among three Nakasone staff to have received 29,000 unlisted cut-price Recruit Cosmos shares, which were later sold at a hefty profit, while Mr Nakasone has testified that he received a total of Y112m from the Recruit company. His former chief cabinet secretary has been indicted over the scandal, which contributed to the LDP debacle at an Upper House election last July.

Officially, the still influential Mr Nakasone is running as an independent candidate in the election, but has indicated that he will formally resume duties as an LDP faction leader if he



Nakasone: election worry

is returned as MP.

In a speech shown on Japanese television last night, Mr Nakasone said that "there have been some reports of allegations, but I have no connection". It is the sixth time that Mr Nakasone, prime minister from 1982 until 1987, has been named in a financial controversy in the past 20 years, but he has maintained his innocence and has never been charged with an offence.

LDP officials fear that the Asahi Shimbun, the newspaper which revealed the latest story and which is keen to nail Mr Nakasone, has further information about the case and will publish more stories as next month's election nears, in an attempt to heighten the embarrassment.

The Asahi, which takes a soft left political line, published the first story on New Year's Day in a symbolic warning to Mr Nakasone, a right-winger, that he will have a difficult year. Asahi reporters say they are pursuing several stories about Mr Nakasone, who has received far more sympathetic coverage in recent days in another Japanese newspaper, the Yomiuri Shimbun.

Since New Year's Day, the Yomiuri has prominently displayed a series of stories on the "Kissinger-Nakasone Dialogue", informal talks last month in Honolulu between the former Prime Minister and Mr Henry Kissinger, the former US Secretary of State. The series, in which the two men expound broadly on topics such as communism, the Korean Peninsula and the future of world trade, is an important part of Mr Nakasone's political rehabilitation programme.

But the Yomiuri has now been forced to recognise that the Nakasone name is again linked to a suspect stock deal. It yesterday quoted Mr Kazuo Kamiya, a spokesman for the Sanno Economic Research Institute, as saying that Ms Ota purchased 100,000 shares of Kokusai Kogyo, an aerial survey company, at Y5,100 per share on August 22, 1987, from a stock speculator, Mr Mitsuhiro Kotani.

Mr Kamiya said that Mr Kotani then bought back the shares at Y6,300 a month later, and Ms Ota made a profit of Y116.5m on the deal after paying the securities' transaction tax. He did not explain how the Nakasone aide raised the Y510m to buy the shares other than to say that she got a personal loan using the Kokusai Kogyo stock as collateral, and he insisted that the proceeds did not go to Mr Nakasone.

Tunisia builds on hidden industrialisation

Francis Ghilès reports on clandestine growth achieved by Third World entrepreneurs

A TUNISIAN entrepreneur has succeeded where the World Bank has failed in persuading his country's authorities to lift price restrictions in the building industry – and in the process has further exposed a peculiarly Third World phenomenon.

Mr Moncef Bouchrara, a Tunisian engineer, terms it "hidden industrialisation and clandestine innovation", or economic development which eludes the official statisticians.

It was three years ago that Mr Moktar Zarrouk, who owns five brick factories in Kalaa Sghrira, due south of Sousse, the coastal town which is the heartland of Tunisia's tourist industry, persuaded the Government to give up fixing the price of construction materials. The Bank had tried unsuccessfully for the previous 10 years.

The benefits have proved to be enormous, but until recently they have been unrecorded. The construction industry is one of those sectors of the Tunisian economy which hardly appears in official statistics. However, in 1983 an unpublished joint study by the Ministry of Housing and World Bank disclosed that 63,000 housing units were built every year in Tunisia, around twice previous estimates.

This represents 10 units per 1,000 inhabitants per year. Mr Bouchrara points out that this is one of the highest housing construction rates in the Third World and a prime example of the "hidden industrialisation" he has tracked for years.

The story goes back to 1985. House building had slumped. The sharp decline in the value of crude oil exports and tourist receipts resulted in a severe squeeze on income.

This led Mr Zarrouk, who controls an estimated one-fifth of the brick market, to defy the state and cut the prices of the bricks he sold by about 20 per cent. He then sent his fleet of large lorries into every town and village in the country to market the bricks he produced, allowing his drivers some leeway as to the price at which they sold them.

He met fierce opposition. The move was denounced by the employers' federation, Utica, and by the tax authority, while two state-owned brick-making companies, Céramique Tunisienne and Union Générale, nearly went bust as prices fell. But a year later, the authorities capitulated. Since October 1986, the price of construction materials in Tunisia has been market determined.

Mr Zarrouk, who is illiterate, built his first, modest factory in the late 1960s. The then head of state, Mr Habib Bourguiba, had just reversed the policy of full-blooded socialism which the country's economic overlord, Mr Ahmed Ben Salah, had pursued for the best part of a decade.

Two or three years of bountiful crops had given people cash to spend – but building materials were very difficult to come by. Ten years later Mr Zarrouk was running a string of factories, and has since then been joined by many smaller entrepreneurs, notably in Beni-Khiar, just outside the coastal resort of Nabeul, half-an-hour south of Tunis.

Bricks and other construction materials are produced here at considerably less cost than the lowest standard offered by the SNIT (Société Nationale Immobilière de Tunisie), a state agency. The machines used are usually second hand and often altered by Tunisians workers to suit the needs of the local market. The small factories have been set up with no help from the state, unlike very modern factories whose machines are imported from France or Italy for large "private" sector entrepreneurs who have benefited from financial backing from Tunisian banks .

The huge cost of imported technology is also borne out by the virtual bankruptcy in the late 1970s of the large companies which set up factories to build prefabricated units.

These factories, often part funded by the state, were set up to supplement the role of SNIT, the main builder of housing units.

But they failed to attract building sub-contractors, even though the tender prices were rather high.

Those private businessmen who did build such units were essentially interested in "locking up" the market for their own benefit – but their prices turned out to be too expensive for the average Tunisian's pocket.

A further example of expensive and inappropriate technology is the two large plaster and plaster-board factories built between 1975 and 1980, in Mahdia and Meknassi, for a total cost of dinars 4m (£2.75m).

They too have virtually ceased production, having never succeeded in selling more than a fraction of what they produced because of high production costs. Meanwhile, a small unit called AZIM was set up, much nearer Tunis and the main market for such products, by a Tunisian who had returned to his country after 20 years as an immigrant worker in France.

His factory cost a mere dinars 400,000, his business is thriving and, unlike his larger and far more expensive competitors, he is repaying his debts on schedule. Unlike them he has paid no technology transfers – but he is trained as a qualified plasterer.

These smaller entrepreneurs, whom Mr Bouchrara describes as "grass roots or clandestine", are not confined to the building industry.

In Sfax, Tunisia's second-largest and most industrialised city, half the 22,000 workshops are unlicensed, many of these producing shoes or textiles at a fraction of the cost of their state-supported rivals.

The moral of this tale from Tunisia is that privately owned businesses and factories, enjoying little or no government financial support, can be cost efficient, dynamic, and adept at developing appropriate technology.

Internal dissent irks Iranian leadership

By Our Foreign Staff

AYATOLLAH Ali Khamenei, the Iranian leader, yesterday sought to ease political tension in the country by ordering members of parliament and their fellow citizens to stop undermining the Government with continuous criticism.

He informed the Majlis (parliament) that he would not tolerate unjustified attacks on public institutions, Tehran Radio reported last night.

The latest crisis to erode public confidence in the Islamic government is a dispute between Iran's leaders and Ayatollah Hossein Ali Montazeri, a focus for moderate opposition.

Thousands of Iranians are said to have demonstrated against Mr Montazeri at a seminary in the holy city of Qom. But bazaar merchants have been closing their shops in support of Mr Montazeri as tension spreads from Qom and his home town of Najafabad to other cities, according to an Iranian opposition group, the People's Mujahideen.

Fragmentary Iranian media reports make it clear that the 66-year-old Ayatollah Montazeri, who was forced to withdraw as successor to Ayatollah Khomeini last year, angered the Iranian leadership last week with a speech. He apparently accused the authorities of treachery for selling oil to Israel.

Mr Montazeri has often enraged his opponents by voicing regret about the violent excesses and hypocrisy of the Islamic Revolution.

The new Montazeri affair, coming at the same time as Azeri demonstrations on the Soviet-Iranian border and an Iraqi peace plan aimed at consolidating the Gulf war ceasefire, is testing President Ali Akbar Hashemi Rafsanjani's diplomatic skills to the full.

Mr Montazeri's opponents and supporters have crossed swords before, but Mr Rafsanjani is under additional pressure because of the poor state of the economy and his inability to control damaging rivalries within the ruling clergy.

As if to underline this, Mr Ali Akbar Mohtashemi, the hardline former Interior Minister dropped from the cabinet by Mr Rafsanjani but subsequently elected to parliament, has defended Lebanese hostage-taking in an interview in the Tehran Times, contradicting Mr Rafsanjani's own policies.

Iranian officials selectively use Khomeini's sayings to support their own views, and yesterday Mr Ahmad Khomeini, the Ayatollah's son, suggested in a letter to parliament that a committee be set up to interpret what the Imam meant.

The Islamic Revolution appears as harsh as ever. For the first time in living memory three people have been beheaded (rather than hanged or shot) in Hamadan for drunkenness and buggery. They were whipped before being executed.

Unita rejects Luanda peace proposals

By Our Foreign Staff

Angola's rebel Unita movement yesterday rejected the latest government peace proposals, set out before tomorrow's summit in Luanda of eight African nations seeking a negotiated end to the 14-year conflict.

President Eduardo dos Santos, the Angolan leader, had proposed an eight-point plan which envisaged the integration of Unita with the ruling MPLA party, and the holding of elections.

Speaking over the weekend, President dos Santos made clear the MPLA did not intend to contest elections with Unita.

But in a statement issued yesterday, Unita reiterated its demand for an interim coalition administration, and multi-party elections.

The statement, signed by Mr Jonas Savimbi, the Unita leader, at his headquarters at Jamba, said: "Unita disagrees totally with the so-called new peace proposals. . . which represent a step backwards in the search for peace."

Mr Savimbi called for the signing of a ceasefire proposal presented by President Mobutu Sese Seko of Zaire, the co-ordinator of peace initiatives which began last year.

The wide gap between the Government and the rebels seems unlikely to be bridged at the Luanda summit, and further fighting, particularly in the rebel-held areas of southern Angola, is expected.

Israel makes political gains in E Europe

By Hugh Carnegy in Jerusalem

ISRAEL'S fast improving relations with eastern Europe stepped up a gear yesterday with the announcement by Poland that it would next month restore diplomatic ties severed 23 years ago.

The announcement coincided with a visit to Israel by Mr Gyula Horn, the Hungarian Foreign Minister, and news that a Czechoslovak delegation would visit this week to discuss re-establishing ties.

In common with the Soviet Union, Poland, Hungary and Czechoslovakia broke off relations after the Six Day War in 1967 and subsequently adopted firmly pro-Arab positions against Israel. But the new governments that have taken over in the recent wave of reform in eastern Europe have moved with a swiftness that has surprised and pleased Israel.

The one area of discomfort has been over the close ties that Israel built with the Ceauscescu regime in Romania, the one Warsaw Pact government that did not sever ties.

Arens: dinner host

Hungary was the first to restore diplomatic relations last September, paving the way for Mr Horn's trip. Mr Miklos Nemeth, the Hungarian Prime Minister is expected to follow next month.

The emphasis during Mr Horn's talks with Israeli leaders has been on the rekindling of political relationships. At a dinner hosted by Mr Moshe Arens, the Israeli Foreign Minister, Mr Horn said he could not have imagined such a visit two or three years ago. "Hungary was the first to recognise the reality of the world – to get rid of prejudices (towards Israel)," he said.

He said the decision to restore relations was "totally justified" and he gave assurances of Hungary's friendship for Israel. Such words are manna to Israeli ears used to years of hostility from eastern Europe. Equally, Palestinians and Arab countries have been taken aback by the rapprochement with Israel by previously solid allies.

Mr Horn said Hungary's position on the Israeli-Palestinian issue was similar to that of the European Community, which has clashed with Israel over its support for negotiations with the Palestine Liberation Organisation. But the subject has been carefully played down by both sides during Mr Horn's visit.

Israeli officials are now confident that Czechoslovakia will quickly follow Hungary and Poland in moving towards a full restoration of relations. Although Moscow itself is holding back from such a step, ties have warmed markedly recently.

Senior foreign ministry officials are also speaking of a significant step with East Germany by the end of the year, despite the sensitive issue of Israel's demand that East Berlin acknowledge responsibility for the holocaust and address the issue of reparations.

Mr Horn will meet Israeli businessmen today.

One sour note has stemmed from a remark some months ago by Mr Yitzhak Shamir, the Polish-born Prime Minister who lost all his family in the war, that Poles drank in anti-semitism with their mothers' milk. Questioned by a Polish journalist, Mr Shamir acknowledged the remark on Sunday but said he did not mean to condemn all Poles. "I would like to have the best relations between Israel and Poland, " he said.

Burma's top dissident in election row

By Our Foreign Staff

A RIVAL to Burma's main opposition leader, Aung San Suu Kyi, has objected to her running in the general election in May, charging that she owes "allegiance to a foreign country", a spokesman for the candidate said yesterday.

The objection was made by a member of the pro-military National Unity Party, Labang Grong, who faces Ms Aung San Suu Kyi in a Rangoon constituency. The party is the successor to the Burma Socialist Programme Party, Burma's only political party between 1962 and 1988.

Labang Grong's spokesman, Myint Thein, had no further details on the candidate's objection. The Government has promised free and open polls in the hope of persuading the international community that political reform is under way, but opposition leaders continue to be undermined.

The most effective and popular, Ms Aung San Suu Kyi, has suffered the worst harassment and has been under house arrest since last July. She is general-secretary of the National League for Democracy. She is married to Mr Michael Aris, a British don, but holds a Burmese passport. Mr Aris and their children have found it increasingly difficult to visit her.

The elections commission is to hear arguments from both sides in Rangoon today. If the objection is upheld, Ms Aung San Suu Kyi would be barred from contesting the May 27 election, the first multi-party poll in more than a quarter-century.

The election law, issued after the military brutally crushed a national uprising for democracy in September 1988, has a clause that says: "Persons who are under any acknowledgement of allegiance or adherence to a foreign power, or are subjects or citizens or entitled to the rights and privileges of a subject or a citizen of a foreign power, shall not be entitled to stand for election."

An objection also has been filed by a National Unity Party candidate against Aung Gyi, head of the Union National's Democracy Party, a statement from Aung Gyi's party said.

The objection was on the grounds that Aung Gyi was half Chinese, the statement said.

Kenya's family planning gospel wins too few converts

Julian Ozanne reports from the frontline of Africa's population explosion and weighs up its economic implications

IN A red earth courtyard surrounded by mud and thatched huts and a gang of curious children eating guavas, David Osinde, a community-based population worker in Kisii, sits on a rough-hewn wooden bench and talks to two mothers about primary health care and family planning.

From a red vinyl bag he produces an assortment of contraceptives – pills, condoms, coils, injectibles, foaming tablets – and to giggles of embarrassed laughter he describes what each one is, how it can be used and what, if any, are its side-effects.

Every day, David walks along the mud trails from village to village with his red bag slung over his shoulder, spreading the gospel of family planning like a latter-day missionary. He is a frontline worker in the battle to curb one of the fastest population growth rates in the world in the face of hardened traditional beliefs.

Kenya's population will almost double over the next ten years from 22m to an estimated 37m. And according to a recent World Bank report, population pressures will present Africa with its greatest economic and development challenge this century.

Population in Sub-Saharan Africa

"No region of the world has ever managed to develop with so high a rate of population growth," the report says.

Kisii is the most densely-populated district in Kenya. The average Kisii woman gives birth to 8.5 children. The national average is 6.7. The population is growing at around 4 per cent a year. Traditional attitudes to children, buttressed in some areas by the powerful influence of the Catholic Church, has prevented the acceptance of birth control.

As far as the eye can see, the whole district appears to be bursting at the seams under the sheer weight of its rapid population growth.

A plethora of bell-shaped huts spreads across the hilly terrain like a carpet of mushrooms. Almost all the arable land is being cultivated, including steep slopes. Plots are becoming smaller and less economic as the holdings are divided up and bordered by hedges, making the fertile equatorial landscape resemble a cluttered chess board.

Soil erosion, declining productivity and exhaustion of fertility is becoming more marked as farmers overwork the land. In Kisii town, the district capital, there is no more available land for urban development, prompting builders and town planners to build upwards several storeys high, a remarkable development for a small rural African town.

The pressure on school places and health clinics is immense and rural unemployment is growing, bringing with it increased social and domestic problems. Many young people, who are being forced off the land, are migrating into urban centres and informal sector jobs like hawking, car repairs, masonry, carpentry, brick making and petty trading.

Although Kisii district is Kenya's most populated district, the population explosion is nationwide. The Government believes Kenya's population growth will more than double the work force and put almost unbearable pressure on the environment, job creation, urban centres, land and food supply.

Maintaining economic growth and incomes to meet the burgeoning population will be Kenya's, and Africa's, greatest challenge in the 1990s. The prospects are not particularly promising.

According to the World Bank, Africa's population is growing by 3 per cent a year after a decade of falling incomes. Each year, Africa's school age population increases by 4m.

"Never in human history has population grown so fast," says the report. "If current trends continue, sub-Saharan Africa will have nearly 500m inhabitants by 1990 and more than 1bn by 2010. Africa will find it increasingly difficult to feed itself, educate its children or find jobs for new entrants to its labour force."

In Kenya, an advanced family planning programme, backed by significant political support from President Daniel arap Moi, has begun turning the tide of the explosion. A recent demographic survey found that the total fertility rate had dropped from 7.7 in 1984 to 6.7 this year. Only 27 per cent of women were currently using contraception but three quarters of women interviewed wanted either to limit family size or space their pregnancies.

That latent demand for contraception outstrips supply is partly a reflection of poor delivery of family planning services. Traditional reliance on government clinics – which can be several miles' walk from many villages – as a distribution point has failed to draw many women in.

But rigid traditional attitudes remain the greatest obstacle. The two biggest reasons cited by women for non-use of contraception was either ignorance or opposition of their husbands. Many women in Kisii say they tell their husbands they are going to fetch water and sneak out to clinics to get contraception. The preferred method of birth control is an injectible because it is easy to hide from the men.

In Kisii, where the struggle of transition from a traditional to a modern way of life is most apparent, the traditional preference for large families remains deeply entrenched. Children are still seen as having a vital role in sharing the burden of work and providing security in old age. Women who do not bear many children risk being divorced or relegated when the husband takes a second wife. Having many children is also a source of respect and recognition in many parts of Kenya. Men and women cannot hold positions of responsibility and leadership until they have had a family.

In Kisii, women also talk about the importance of having boys because only men can inherit property and men continue the family and the clan.

"You must learn first how to rule your house before you can rule the community," said one village elder.

It is clear, though, that attitudes in Kenya are slowly changing as parents increasingly despair about how they are going to feed, clothe and educate their children. Although, not surprisingly, it is the women who are doing most of the changing.

At the Family Planning Association of Kenya's Kisii clinic, 531 tubular ligations were carried out last year but only two vasectomies. Even if there was a revolutionary change of attitudes overnight, the children already born are presenting the African continent with the greatest Malthusian nightmare ever.

AMERICAN NEWS

Crowe in favour of deal over naval nuclear arms

By Lionel Barber in Washington

ADMIRAL William J Crowe, who recently retired as chairman of the Joint Chiefs of Staff, has broken with the White House and US Navy leaders and come out in favour of a deal on naval nuclear arms with the Soviet Union.

Admiral Crowe believes the US should consider eliminating tactical nuclear weapons from surface warships and submarines or cutting US naval forces in exchange for big Soviet concessions on strategic arms.

These views – expressed in an interview with the Washington Post yesterday – will greatly interest President Mikhail Gorbachev. The Soviet leader proposed special negotiations to eliminate tactical nuclear weapons from all US and Soviet vessels during the Malta summit but was rebuffed by President George Bush.

US objections centre on doubts about whether limits on Naval Nuclear Weapons (SLCMs) can be adequately verified. The US also wants to preserve its naval superiority which it argues is offset by a Soviet advantage in land-based nuclear ballistic missiles.

However, Admiral Crowe, a crusty Oklahoman never afraid of voicing unorthodox views, said: "The time to get nuclear cutbacks is now". Soviet economic problems and upheaval in Eastern Europe mean that Moscow can no longer fight a conventional war of any duration but "the one thing they can do today is push the nuclear button".

During his last year as the nation's top military officer, Admiral Crowe took advantage of the thaw in superpower relations to hold unprecedented talks with Soviet military leaders. He became friends with Marshal Sergei Akhromeyev, his then opposite number, and came to believe that the Soviet Union was indeed reducing defence spending.

Admiral Crowe said concern about whether to accept Soviet assurances on military spending was provoking "a huge argument in the US intelligence community". But he added: "I think we have totally underestimated the magnitude of Soviet economic problems."

Chile's civilians waltz around the country's former dictator

By Barbara Durr in Santiago

CHILE'S newly civilian authorities have begun a complicated dance around General Augusto Pinochet, the country's unpredictable outgoing ruler. The object seems to be to keep the music playing while the new civilian leaders dance with the chiefs of the military – except, that is, Gen Pinochet.

A sign of how much all are enjoying the fiesta will come today, when the military junta, which acts as the regime's legislature, is expected to approve a scaled-down, more moderate version of a controversial law on the armed forces.

The organic law, which will regulate promotions, retirements, budget, appointments and relations with civilian political authorities, is regarded as one of the most crucial for the future of civilian-military relations.

The version expected to be approved was agreed in large part last week in a surprisingly amicable accord between representatives of the outgoing military regime and the president-elect Mr Patricio Aylwin. The accord on the law removed or modified the most objectionable provisions of the proposed legislation; most of which aimed to boost the power of the military vis-a-vis civilians and in particular of Gen Pinochet, who will remain as commander in chief of the army.

Following last week's accord, civilian-military relations have taken an abrupt turn for the better, and in the process, it appears that Gen Pinochet is being isolated. The provision, for example, that would have created a powerful Junta of Commanders in Chief and was expected to be presided over by Gen Pinochet was eliminated. Other commanders in chief had baulked at the Pinochet formula of the law as well.

It seems clear that other armed services are not eager to prolong Gen Pinochet's domnanace and are more interested in co-operating with the new civilian authorities.

At the end of last week, Mr Aylwin received visits from two of the four-man military junta and he asked them to remain in their posts as commanders in chief. Air force Gen Fernando Matthei said he would stay at least one more year, and police Gen Rodolfo Stange said he would continue for four years, the entire next presidential period.

Both men, who were not part of the original 1973 coup team, are regarded as the more open-minded members of the junta. Of the two remaining members of the junta, Admiral Jose Merino, the commander in chief of the navy, is the only one who has not conversed directly with Mr Aylwin.

In late December, Mr Aylwin asked Gen Pinochet to leave his post as commander in chief of the army because he regarded his presence as unhelpful for the country's political stability. Gen Pinochet answered that he intended to stay precisely because by doing so he could guarantee the army's loyalty to the new government and the constitution.

Some political observers say that with the latest rebuff, in the armed forces law, to his continued power, Gen Pinochet may eventually decide to make a dignified exit around the time of the transfer of power in March. But all the general's public statements indicate that he intends to stay on.

El Salvador soldiers held over murders

By Tim Coone in Managua

FIVE El Salvadorean army officers have become suspects for the brutal murder of six Jesuit priests last November in the capital San Salvador.

In a TV broadcast on Sunday night, President Alfredo Cristiani announced that the results of an investigatory commission, had revealed "the involvement of elements of the armed forces in the murders". Five officers, including two colonels, one major and two lieutenants, of the Atlacatl battalion have been confined to their barracks.

A Commission of Honour is to be established to finalise the investigations according to President Cristiani.

The Atlacatl battalion is an élite unit of the Salvadorean army. Its US-trained members are the rapid reaction force of the First Infantry Brigade which is charged with the defence of the capital. During last month's offensive by the left-wing Farabundo Marti National Liberation Front they were used extensively, along with other élite units, to blunt a spectacular three-week long guerrilla assault on the northern and eastern suburbs.

The murder of the six priests, along with a cook and her daughter, occurred on the fifth day of the offensive. They were dragged from their beds in the middle of the night and shot at point-blank range with automatic rifles, a crime which shocked El Salvador.

All of the priests lectured at the Central American University. One of them, Dr Iñaki Ellacuria, was the university's rector, and had been a frequent intermediary in negotiations between the guerrillas and the Government.

The resurgence of El Salvador's death squads was one of the factors which caused a breakdown in peace talks in October and triggered the guerrilla offensive shortly after. The murders once again called into question the future of US military and economic aid to El Salvador.

By bringing extremist elements within the army to heel, President Cristiani may have strengthened his hand with his US backers.

TREASURY COMPENSATES FOR SHORTFALL IN BANK LENDING

US bolsters Mexican debt deal

By Stephen Fidler, Euromarkets Correspondent

THE US Treasury will issue zero-coupon bonds to Mexico at prices below market levels to support a landmark debt deal between commercial banks and the Mexican government.

The decision, the cause of some disagreement inside the Treasury, is being seen as constructive to the debt agreement reached in principle in July between Mexico and its leading bank creditors.

Mexico must buy special zero-coupon US Treasury bonds with a face value of more than $30bn to guarantee principal repayments to banks under the package. Because they pay no interest for 30 years, they are issued at a large discount to face value.

Although the Treasury only issues zero-coupon bonds in special circumstances, US securities houses have created a market in so-called "strips" – in effect, zero-coupon US Treasury bonds created from current coupon US Treasury securities.

Yields on the 30-year strips are about ¼ percentage point lower than on current coupon paper, but the market totals only about $70bn.

The question faced by the US Treasury was whether to charge Mexico the higher prices suggested by the market in strips or the lower prices suggested by the current coupon market.

The decision to use the current coupon as the basis for the deal appears to reflect the view that there is no subsidy involved.

Since the US does not as a rule issue zero coupons, the US government pays on its borrowings the yields prevailing in the current coupon market. Banks are expecting the Mexican bonds to be priced to yield about ⅛ point less than the 30-year current coupon bond, yesterday at about 8.09 per cent.

Sources close to the negotiations said it was doubtful that Mexico would have agreed to buy the bonds at the rate implied by the zero-coupon market, as domestic financing officials in the Treasury were arguing. "After Panama, squeezing every last cent out of Mexico on this deal would not have been very constructive," said one banker yesterday.

Under the agreement, banks had three options: to make new loans or to swap their old loans for one of two types of 30-year bonds, one which reduced the principal outstanding the other which reduced Mexico's interest bill.

However, because the new lending by banks fell short of expectations there has been a shortfall in the resources which collateralise the principal and some interest payments on the bonds.

The banks and Mexico are talking about resolving a remaining gap of about $300m in the enhancements for the deal.

Bankers said yesterday that Lloyds Bank had agreed to join a $1.2bn bridging financing to be provided by leading bank lenders to bring forward some of the enhancements for the package. Lloyds's refusal to join that financing had been an obstacle to its completion. However, bankers said yesterday that Canadian banks, led by Bank of Montreal, had yet to be persuaded to join.

Mr William Rhodes, the Citicorp official who heads the bank advisory committee, said yesterday: "We expect to have the documentation out within a week and signing by the end of the month."

Colombians unite to condemn operations by US naval force

By Sarita Kendall in Bogota

COLOMBIA's government and political parties have unanimously rejected US navy operations in the southern Caribbean, particularly any atempt to blockade the country's north coast and search Colombian vessels.

In spite of of assurances that the US ships will not enter Colombian territorial waters, politicians are speaking of "a violation of sovereignty", "invasion" and "unacceptable intimidation."

A Conservative Party leader has asked President Virgilio Barco to recall Congress for an emergency debate.

Mr Julio Londono, the foreign minister, who cut short his holiday because of the crisis, confirmed that Colombia refused to receive a US naval mission after the operation had been put into effect.

Mr Londono said the government could not accept any interference with ships flying the Colombian flag whether on the high seas or within territorial limits. Nor would the government allow the installation of special equipment to track

Barco: no to foreign troops

drug trafficking planes in the Andes mountains.

Coming so soon after the invasion of Panama, the US manoeuvre has created suspicion and confusion in Colombia. Although the government has accepted weapons, training and money to help fight the drug war, President Barco and the Colombian military have always been firm in their refusal of any offer of help from foreign troops.

Initial talks of a blockade of Colombia's Caribbean coast - now denied by the US - was met with anger and questions as to why the US cannot patrol its own coastline effectively. Colombians consider they are the only nation to have shown real commitment in the war on traffickers.

So far, nobody has specified what the US naval force will do or where it is. Colombian aircraft have reportedly flown northwards to look for it. Its presence may also be linked to the February drug summit in Cartagena, when President Bush is supposed to meet the presidents of Colombia, Bolivia and Peru.

The US move may have jeopardised the summit: President Alan Garcia of Peru has said he will only attend if US troops are out of Panama by February 15, and Colombia's normally friendly relations with the US have clearly been upset. The very idea of joint operations - expected to be one of the main topics at the summit - must now be in danger.

US 'will need budget surpluses in mid-1990s'

By Peter Riddell, US Editor in Washington

THE US Government will have to plan for Budget surpluses in the mid-1990s under proposals due to be unveiled later this month.

At present, the surplus on the social security trust fund, likely to be more than $70bn in fiscal 1991, counts as part of the unified budget and thus helps to meet the deficit reduction target.

Mr John Sununu, White House Chief of Staff, has said the Administration would propose (in the January 29 Budget) that the funds "ought to be preserved for the social security obligation".

The detailed proposal represents virtue postponed since it involves isolating the social security surplus from official Federal Budget calculations only when the deficit is due to have been eliminated (fiscal 1993 under the Gramm-Rudman law). From then on, the Gramm-Rudman target is balance, but removing the social security surplus means in practice, the Government would have to aim for a surplus.

WORLD TRADE NEWS

US wants July deadline for Gatt market accords

By Peter Riddell, US Editor, in Washington

THE US would like to see international agreement by July on rules which guarantee maintaining market access as a preliminary to the completion of the Uruguay Round trade talks by the end of this year.

In a wide-ranging news conference, Mrs Carla Hills, US Trade Representative, stressed the need to try to agree as much as possible by mid-summer ahead of the full ministerial meeting in December.

She said there would inevitably be snags and agreeing a preliminary package would avoid going back on some issues later.

Mrs Hills highlighted the advantage of negotiating on the rules of the General Agreement on Tariffs and Trade (Gatt) in advance of December since guarantees on maintaining market access were acceptable to a wide range of countries.

But she stressed the US aims of achieving substantial progress on reducing export and trade-distorting farm subsidies (an "indispensable" part of a successful round).

She also stressed the need to broaden the coverage in areas now inadequately or not covered by Gatt – such as services, investment and intellectual property rights – securing an effective disputes mechanism, and building on the example of last year's steel decisions to cut state subsidies for industries such as shipbuilding.

In Orlando, Florida, yesterday, President Bush underlined the call for international cuts in trade subsidies and asked that more market-oriented policies be built into the forthcoming Farm Bill.

Mrs Hills welcomed proposals for Moscow to have observer status at Gatt so it could see how market economies considered issues.

Full membership would depend on definite moves to a more market-oriented system.

She was non-committal about last week's announcement by Taiwan that it would seek Gatt membership after the Uruguay Round ended. The issue had not yet been discussed by the US Administration.

Mrs Hills had no real progress to report on discussions with Japan, both on the US structural impediments initiative and trade issues associated with citing Japan under Super-301 of the 1988 Trade Act.

She argued that both countries' macro-economic policies must be changed, to cut the US trade deficit with Japan. Mrs Hills took a strongly liberalising, anti-protectionist line, arguing that world trade policies were at a cross-roads between the two.

She took a low-key line on the EC's broadcasting directive suggesting limits on the scale of imports of foreign-made programmes, about which the US protested last year.

She noted US unhappiness with the directive, but wanted to see how it was implemented, and how constructively.

UK retail group to lobby Brussels on scrapping MFA

By Alice Rawsthorn

THE Retail Consortium, which represents the UK retail sector, is lobbying the European Commission to support abolition of the Multi-Fibre Arrangement (MFA), the bilateral trading agreement regulating world textile trade.

The consortium, which has already lobbied the UK Government, will present its case to the Commission this morning. It will argue that the MFA should be phased out over the next 5-10 years. The MFA imposes quotas to regulate import growth in textiles from one country to another. The consortium suggests the quotas should be gradually increased over 5-10 years, eventually being abolished.

When the MFA was introduced in 1974, it was seen as temporary, to let the Western textile industry adjust to the changed economic climate. It has been renewed three times. The fourth arrangement expires next year.

Du Pont plans $1bn Asia-Pacific expansion

By Alan Friedman in New York

DU PONT, the largest US chemicals company, said yesterday it plans to invest $1bn to build up its nylon manufacturing capacity in the Asia-Pacific region.

The investments, for plants to produce nylon intermediates and for downstream facilities, will be spread over the next decade.

Mr Edgar Woolard Jr, chairman of Du Pont, said yesterday that the investment strategy is aimed at positioning Du Pont as a major nylon supplier in Asia in the 1990s and to strengthen its leadership internationally into the next century. Du Pont currently claims 25 per cent of the world market share in nylon.

The investment programme will start with a $200m plant in Singapore to manufacture adipic acid, an intermediate used in the manufacture of nylon.

Mr Woolard said the Singapore plant – to have capacity of more than 200m lbs annually beginning in 1993 – would "anchor" the company's position in a region where nylon consumption is growing at twice the world average.

The plant will increase Du Pont's worldwide adipic acid capacity to more than 1.5bn lbs.

Apart from intermediate plants, Du Pont will also invest in expanding its nylon polymer capacity in the region. In particular, polymer plants will begin producing in 1993 in South Korea, Japan and Singapore. These plants are designed to supply Asian companies in the automotive, electronics, appliance and electrical sectors.

The final part of Du Pont's Asian strategy in nylons will be a "world-scale" plant for producing nylon intermediates such as adiponitrile and hexamethylenediamine.

Nylon fibres accounted for roughly 10 per cent of Du Pont's total 1988 sales of $32.9bn. The group's total turnover is expected to rise to about $35bn this year.

● Ericsson, the Swedish telecommunications group, has won an order from India worth an estimated SKr200m ($52m) to provide AXE international exchange systems for the country's four biggest cities.

Problems threaten to dominate Comecon session

By Christopher Bobinski in Warsaw

CONFLICTING problems threaten to dominate the 45th session of Comecon in Sofia, scheduled to open today, according to Mr Stanislaw Dlugosz, a senior official at Poland's Central Planning Office and a regular attender of such gatherings.

"It's difficult to predict what the various members will say about the future of the organisation," he added.

In addition, Comecon's Third World members who have traditionally received aid from the East European countries can expect few sympathetic listeners.

The Poles who have yet to sign this year's trade protocol with Moscow and cannot do without Soviet oil and gas deliveries are wary, for example, of a demand that prices be fixed at world levels and calculated in hard currency.

They admit the force of the Soviet argument over this dependency and how it should be paid for in future, but want the burden of the switch to hard currency, which could cost Poland over $1bn a year, to be spread equally and brought in gradually.

Comecon will obviously have to be reformed or changed into a new organisation, but meanwhile, the Poles want to ensure the grouping will not block access to external markets and will remove trade barriers within Eastern Europe itself.

Talks on the actual agenda had been left to last night after the delegations were due to arrive, and agreements prepared for signature could well fall by the wayside.

These include a co-operation deal to build new Soviet aircraft, the long-range IL96-300 and the Tu-204 (on which Poland has doubts about signing), and an electronics agreement which the Poles are interested in.

Whatever the other Prime Ministers say in their 20-minute set speeches, Mr Dlugosz predicts that "Cuba, Mongolia and Vietnam will surely appeal for aid".

The Poles arrived in Sofia yesterday with a speech ready, declining to consider a request by Nicaragua for further financial credits. In 1985, Nicaragua received a $10.5m credit followed by $9m three years later from Poland. But already in 1987, at the 43rd session, Mr Zbigniew Messner, the then Polish Premier, had told the organisation that the present five-year plan was the last in which Poland would be prepared to pay preferential prices for goods supplied by countries such as Cuba.

In Sofia, it can be expected that others such as Czechoslovakia, will now echo the sentiment.

Islands of industrial efficiency

Free zones are increasingly at odds with their host countries reports Canute James

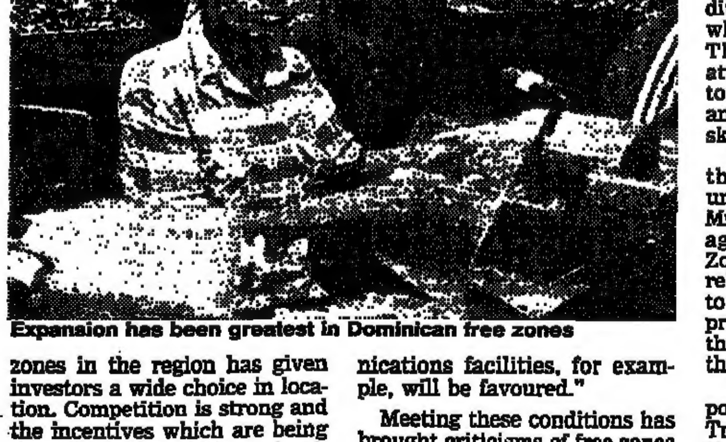
In the late afternoon when the gates to the Kingston Free Zone are opened, thousands of workers, mainly women, stream out, heading for home. The scene is repeated across the Caribbean and in some Central American states. In the Dominican Republic, Costa Rica, Honduras and El Salvador, free trade zones are proliferating. Other countries, such as Trinidad and Tobago, are planning similar facilities.

"In the decade to 1989 the number of free zones in the Caribbean and Central America has grown by 35 per cent per year, with employment increasing by 24 per cent per year," said Mr Philip Karp, manager of investment policy for the Stanford Research Institute of the US. "The expansion has provided 230,000 jobs in the past decade. There are now 47 free zones in the region and many more are planned."

The free zones are designated areas outside national customs and tax territories, which offer exemptions on taxes and duties on a range of light industries and services such as garments, electronics, the assembly of electrical appliances, warehousing and packaging.

Production in the zones is mainly for export, and they are favoured by investors because low operating costs, such as labour, give them a competitive edge. Most investors in the region's free trade zones are from North America, but companies from the Far East are appearing in increasing numbers, attracted also by the region's proximity to the US, their major market.

The proliferation of free



Expansion has been greatest in Dominican free zones

zones in the region has given investors a wide choice in location. Competition is strong and the incentives which are being offered by the public and private owners of free zones are being made more attractive.

"In determining which free zones we should use, we look first at the total cost of the operation," explained Mr Richard Michel, manager of the General Electric Company's operations in Mexico, Central America and the Caribbean.

"This is influenced not only by wage rates, but also overall efficiency, shipping costs, taxes and duties and the quality of work we can expect.

"Local transport for employees is important as this will determine whether we can run two of three shifts per day. It helps if the free zone is close to our suppliers as this will reduce shipping costs. The infrastructure provided by the park is also important, and those with modern telecommunications facilities, for example, will be favoured."

Meeting these conditions has brought criticisms of free zones from local business sectors. The free zones have become well maintained, highly efficient industrial parks, with facilities denied to local investors who do not wish to, or do not qualify.

Making the free zones more attractive to foreign investors also results in legislative anomalies when special cases are made to remove exchange control regulations and limits on foreign ownership. But although state and private free zone owners refer frequently to the contribution the facilities make to national economies and to employment, they have to fight off repeated criticisms that the industrial parks are not only not worth the effort, but that they can, at times, be counter-productive.

Regional trade unions have argued repeatedly that free zone owners, and the arrangements made with investors, limit the involvement of organised labour, and that although the facilities provide jobs, conditions are no more than those which prevail in sweat shops. The free zones are also attacked for contributing little to the transfer of technology and managerial and industrial skills to the host country.

"There are no restrictions on the involvement of trade unions in our free zones," said Mr Errol Hewitt, general manager of the Kingston Free Zone. "We make industrial relations consultants available to all our clients and this has proven to be very valuable to the investor, the workers and the unions."

"What we are dealing with is poverty," explained Mr Hector Trujillo, vice president of the Colombian Association of Manufacturers. "It is better to gradually offer some income security to people who have none."

The expansion of free zones in the region has been most dramatic in the Dominican Republic. Exports from free zones in 1988 were valued at US$515m, representing 35 per cent of the country's total exports. Ten years ago exports from Dominican free zones were only 5 per cent of total exports.

"In the Dominican Republic in 1983 there were 22,000 workers in four free zones," reported Mr Victor Thomen, a member of the board of the privately-owned Itabo free zone in the Dominican Republic. "Now there are 114,000 workers in 18 free zones and approval has been given for the creation of another 35 free zones."

In meeting the demands of investors in free zones, there is always concern in the region that the incentives which are offered are not undone by political instability. "The political stability of the country in which the free zone is located is a major consideration because we have to assess the degree of risk," said Mr Michel.

Such considerations determine the decisions of insurers, such as the Overseas Private Investment Corporation, a US agency which insures foreign investors. "When looking at covering free zone investments, we do assess the country risk to determine, for example, if there is a threat of expropriation," said Mr Ron Flax-Davidson, Caribbean region director for OPIC.

"There is also a legal risk where the laws governing the free zone operations can be changed arbitrarily. We also assess the degree of labour and wage stability," said Mr Flax-Davidson.

One dilemma which regional governments will eventually have to resolve is over the future of free zones. It is unlikely that they can continue being islands of industrial efficiency and expansion, buttressed by unique incentives, and increasingly at odds with what prevails in the host country. But eventual integration of free zones into national economies will not be easy.

"We have to be very careful in determining precisely what we want free zones to do for our countries," argued Mr Thomen. "Backward linkages with host economies is possible only if the products from within and without the zones can be competitively priced."

Chairman of British Rail criticises investment

London 'risks losing' rail role to Paris and Brussels

By Kevin Brown, Transport Correspondent

LONDON will lose out to Paris and Brussels as a European transport hub unless the UK Government invests heavily in new rail capacity, Sir Robert Reid, chairman of British Rail, said yesterday.

Sir Robert's comments, delivered in a lecture to the Chartered Institute of Transport, represent his first public criticism of Government policy since he was appointed in 1982.

However, he made clear that he continues to support the Government's policy of reducing revenue subsidies, which have fallen by more than 50 per cent over five years.

Sir Robert said there were "enormous opportunities" for BR to benefit from the completion of the European Community single market in 1992 and the opening of the Channel Tunnel a year later.

But he said France and Belgium were planning to create European transport hubs at Charles de Gaulle and Zaventim airports which would be served by a network of high speed trains.

The UK could counter these threats to London only by making sure the money was found for important projects and simplifying the lengthy planning and legislative process.

Sir Robert said it was essential to make an early start on the proposed fast rail link from BR's Paddington terminal, in West London, to Heathrow airport.

He also called for a quick decision on financing proposed new lines from Paddington to the Liverpool Street terminal in East London, and from Chelsea to Hackney.

These lines, which would cost more than £2bn, are widely regarded as essential if rail congestion in central London is to be eased. However, a decision on whether to go ahead with both or either has been put off for a year.

"Without this extra capacity, congestion on the roads and the railways will begin to strangle us all and make possible the French and Belgian vision," Sir Robert said.

Record high for vehicle market

THE UK commercial vehicle market reached a record level last year, writes John Griffiths.

But UK truck registrations fell by more than a quarter in December compared with a year ago, reinforcing the industry's fears that seven uninterrupted years of expansion are at an end and that 1990 will be much bleaker.

Statistics show that lighter commercial vehicles - vans and four-wheel-drive utility vehicles - were also in reduced demand in December, but were much less badly hit than trucks. However, the buoyant market across all sectors earlier last year enabled total commercial vehicle registrations in 1989 to reach 371,104, up 4.01 per cent on the 356,783 of 1988.

Of minor cheer to UK-based manufacturers was that imports fell last year, although only marginally, to 39.35 per cent from 39.73 per cent a year earlier. However, the importers' share dipped more sharply in December.

Costs force short cuts under the Channel

Kevin Brown on the options open to the overstretched Anglo-French tunnel project

THE cost of building the Channel Tunnel rail link between Britain and Europe and all that goes with it is the key disagreement between Eurotunnel, the Anglo-French owners, and Transmanche-Link (TML), the builders.

The two sides spent much of yesterday arguing furiously about who should pay for the escalating cost of the project – up from £4.7bn in November 1987 to between £7bn and £7.2bn.

An official of one of the 10 British and French construction companies which comprise TML says: "It has been said that we are trying to build a Rolls Royce for the cost of a Ford Fiesta, and there is some truth in that.

"The tunnel simply cannot be built to the specifications required for the money which is being provided."

While Eurotunnel accuses TML of failing to keep sufficiently careful track of the cash, TML blames Eurotunnel for being too demanding in its specifications for the contract.

"The project was not properly designed in advance by Eurotunnel, and they developed a habit in the early days of asking for the best of everything, whether or not it was needed," says one of the contractors.

"TML did not resist that strongly enough, and as a result the project has been designed with far too high a level of sophistication, and that could be reduced substantially without affecting the viability of the project."

Eurotunnel has agreed to make significant changes to the specifications for the tunnel running between Shakespeare Cliff on the English coast to the Pas de Calais in France as one way of cutting costs to the point where the syndicate of banks which is largely financing the project will agree to unblock the necessary lines of credit to allow work to continue.

The most important change is a reduction from 100mph to 80mph in the speed of most trains passing through the tunnel.

Speed restrictions will save money by reducing the aerodynamic demands on the tunnel infrastructure and rolling stock, which means they can be constructed more cheaply.

For example, Eurotunnel had planned to build shuttles for heavy goods vehicles which would enclose the vehicles in a protective shell.

The proposed 20 per cent reduction in running speed means that these shuttles could now be built to a substantially simpler open design which would be little more than an open rail waggon with a flat platform.

Going underground: TML workers prepare tunnel supports in a completed section of the Anglo-French rail link

The slower running speeds mean the complex system which will control air pressure in the tunnel – preventing rushes of air caused by the movement of trains – can also be simplified, and the reduction in the required power supply means fewer or smaller sub-stations will be needed to link the tunnel to the UK and French electricity grids.

The impact on capacity is not yet clear, but it need not be great because the lower speeds will allow Eurotunnel to operate with shorter headways (the time gap between trains).

Slower speeds could cause problems for the through passenger trains, which would take an extra 3 or 4 minutes to travel through the tunnel if they were forced to run at less than 100mph. The delay would increase the total running time between London, Paris and Brussels, unless the lost time could be made up either side of the tunnel.

In practice, however, this is unlikely to be a problem in the early years of the tunnel, when it will be operating at significantly less than capacity. One solution would be to give the through passenger trains two or three running slots each, which would allow them to run at 100mph between the slower running shuttles.

TML is also pressing Eurotunnel to agree to cost savings in several other areas, such as deferring the installation of some power capacity until it is required by increasing traffic. Eurotunnel had apparently planned to instal sufficient capacity from the outset to cope with full capacity running, even though that is not expected to be achieved for several years.

The cost cutting is an essential part of the emerging agreement which will eventually allow construction work to continue. But it is unlikely to be very apparent to most customers, since the contracts for the through passenger trains and the shuttles which will carry cars and their passengers have already been placed.

There are likely to be some changes to the detailed design of the terminal facilities, including the deferment or cancellation of a grand architectural arch on the French terminal which will save more than £10m.

Eurotunnel, however, hopes terminal changes will have only a limited impact on most customers since they will spend very little time there. If passengers have time to notice more than the general outline of the terminals, the system will have failed.

Hurd links aid for East Europe to democracy

By Robert Mauthner, Diplomatic Correspondent

AID to Eastern Europe should be used as a lever for both political and economic reform, whenever possible, Mr Douglas Hurd, the British Foreign Secretary said yesterday.

"We must target our help upon those countries which carry out the reforms which will lead to democracy and to a free market economy," he said in a speech to the Windrush Valley Rotary Club. Choice at the ballot box and choice in the market place were intimately linked and mutually dependent.

Mr Hurd, who is due to visit East Germany, including East Berlin and Leipzig, from January 22 to 24, for talks with Prime Minister Hans Modrow, leaders of opposition group New Forum and church representatives, is expected to offer increased help to East Germany.

The Foreign Secretary's visit is part of a new British programme of official contacts with Eastern Europe, involving visits by himself and Mr William Waldegrave, the junior Foreign Office Minister, to most East European countries.

Mr Hurd said that the response of Britain and its Western partners to change in Eastern Europe must be generous and imaginative. But it had to be based on a careful assessment of the needs of each individual country.

Ambulance unions told to spell out peace deal

By Fiona Thompson, Labour Staff

The Government last night attempted to shift the onus for breaking the deadlock in the 17-week ambulance pay dispute on to the unions by demanding that they spell out exactly how they were willing to compromise on their claim.

Mr Duncan Nichol, NHS chief executive, wrote to Mr Roger Poole, chief trade union negotiator, saying that before he could agree to their request to meet again for talks, the five ambulance unions must give him more details of what they were proposing.

Mr Poole had said earlier in the day that the unions would approach fresh negotiations in a spirit of flexibility and goodwill. "With your co-operation we are sure that a settlement can be reached," he wrote to Mr Nichol.

But Mr Nichol insisted that instead of "vague generalisations", he must get an indication of the substantive change in the union's position before a meeting could be held.

During a number of interviews yesterday Mr Poole reiterated what has been the union position for some weeks – that the unions were willing to negotiate on their 11.14 per cent claim and that they were not insisting that any pay formula be linked to firefighters pay, although a pay mechanism of some sort had to be found to avoid future disputes.

Ford workers 'stole' assembly line parts

EMPLOYEES at Ford Halewood, the Merseyside plant operated by the UK subsidiary of the US car manufacturer, stole motor components worth hundreds of thousands of pounds from the assembly line over a period of years, a court heard yesterday.

Mr Eric Somerset-Jones, prosecuting barrister, told Liverpool Crown Court the components were channelled through apparently legitimate retail outlets as part of a conspiracy. This was done on a massive scale over a period of years," he said.

Mr Somerset-Jones said a union-management agreement was in force barring body searches on employees leaving the Merseyside car factory.

"Perhaps partly in consequence of that state of affairs, a number of employees – and it is not suggested that the police have in this case apprehended all who were concerned – used to steal the components from alongside the assembly line," he said.

Mr Somerset-Jones said in many cases workers would take components out of the factory fastened under their clothing or secured to their bodies. The parts were collected from the employees' homes and stored in a Liverpool "distribution centre" before being distributed to retail outlets by a "fence".

Three men from an Essex motor parts company are charged with conspiring to handle the stolen Halewood components.

They are Mr Robert James Whyatt, 40, of Billericay, Essex; Mr Robert Anthony Crotty, 29, of Chadwell Heath, east London; and Mr Michael Robert Holland, 48, of South Ockenden, Essex.

They plead not guilty to conspiring with seven other men and others unknown to handle stolen car parts and acessories belonging to Ford between January 1, 1985 and November 30, 1988.

A fourth defendant, Mrs Lynn Jones, 38, of Badminton Street, Liverpool, pleads not guilty to two charges of handling stolen goods in October, 1988. Seven other men have already been convicted of the conspiracy.

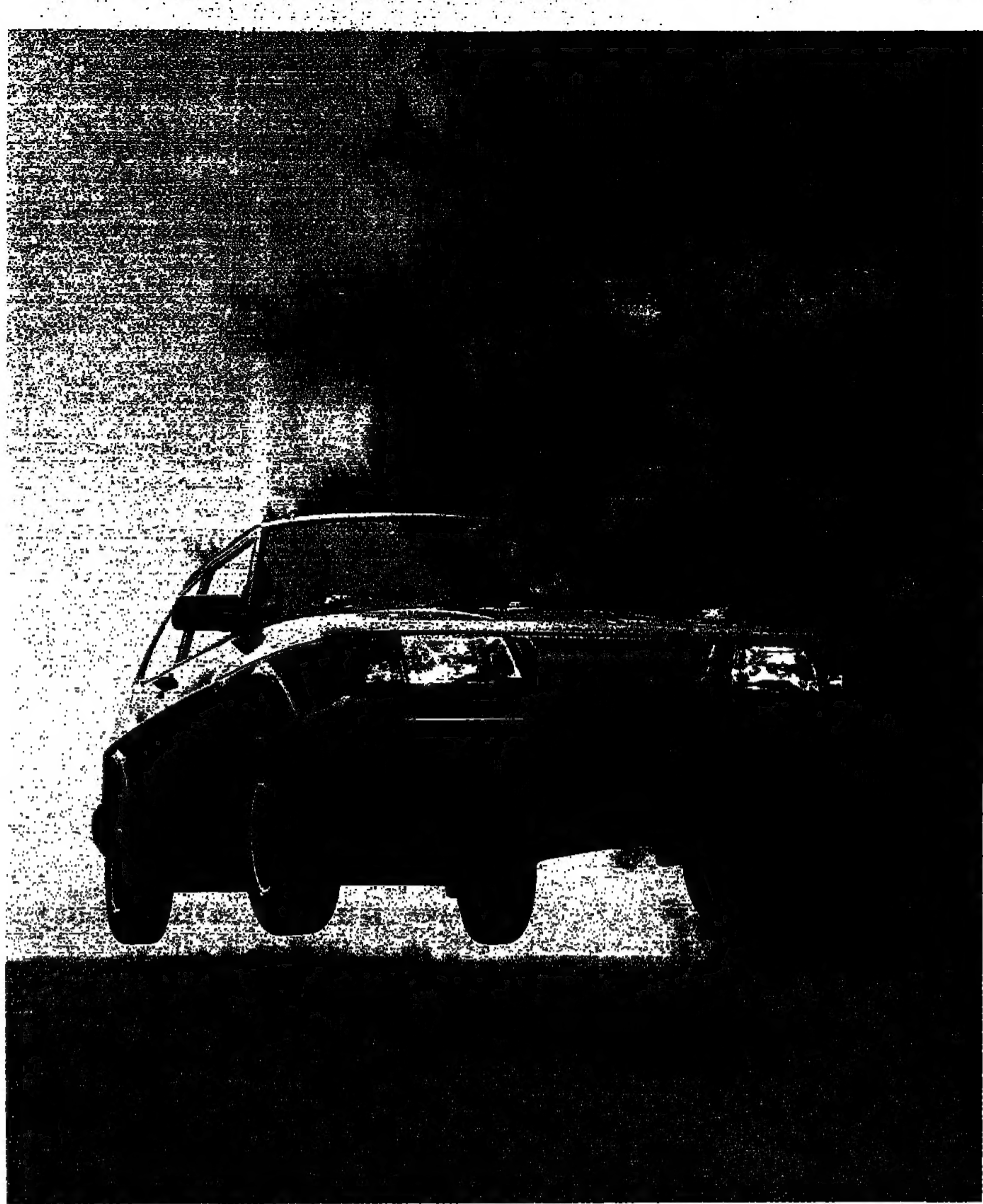
Mr Somerset-Jones said Mr Whyatt was the owner of RJW (Automotive, of Barking, Essex, and Mr Crotty and Mr Holland were concerned in the management of the company.

He said Mr Whyatt reached an agreement with another man, Mr Ian Paul Ainsworth, 36, of Preston, who has already pleaded guilty to conspiracy, under which RJW would buy the stolen parts Ainsworth had obtained from the Halewood thefts.

He said when police searched RJW's premises, stolen parts with a retail value of £136,000 were seized and invoices found showing they had received stolen parts with a value of more than £650,000 in the preceding year.

Documents found in Mr Whyatt's briefcase showed a "startling increase" in the company's turnover from £279,000 in the year ended April, 1985 to £1.2m in April, 1988. Mr Somerset-Jones said the conspiracy was discovered when a Ford security officer visited a main dealer and found halogen bulbs not in their usual packing.

The case continues.



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UK NEWS

Aviation insurers suffer $1bn liabilities

By Paul Betts, Aerospace Correspondent

THE aviation insurance industry suffered its second worst year in 1989 with passenger and lost aircraft liabilities totalling nearly $1bn.

This compares with $519m liabilities in 1988 and $1.326bn in the "disastrous year of 1985", according to preliminary statistics compiled by Aviation Information Services Limited (AISL), an organisation owned by a group of Anglo-French insurance companies which monitors jet accidents and passenger fatalities for insurers.

However, although the cost of air accidents is rising for insurance companies, air travel is becoming safer, said Mr Paul Hayes, a director of AISL.

The accident figures can vary dramatically from year to year, but the long-term trend suggests an overall improvement in air safety especially in view of the sharp increase in passengers.

Nonetheless, 1989 was a bad year with a total of 27 western-built jetliners destroyed or lost. This is 42 per cent higher than the annual average of 19 jet losses recorded since the start of the 1980s. The worst year was 1983 with 28 jet losses.

Of the 27 jet losses, 12 resulted in passenger fatalities with a total of 1,004 passengers killed last year. This is 49 per cent more than the annual average for the 1980s.

Apart from fatalities on western-built jets, a further 135 passengers were killed in known Eastern-built jet accidents.

Mr Hayes said the sharp rise in costs to insurers reflected the combination of higher aircraft repair and replacement costs increasing at a greater rate than inflation coupled with falling premiums. Passenger liability costs were also rising steeply.

● Relatives of victims of the M1 plane disaster yesterday made a first anniversary visit to the scene of the disaster, where 47 people died. Three relatives flew from their homes in Northern Ireland to the Leicestershire village of Kegworth to hold a simple, open-air prayer ceremony.

'Nightmare' looms at end of rates

Employers could be liable for poll tax collection

By Richard Evans

AN ADMINISTRATIVE nightmare could hit thousands of companies in England and Wales later this year because of a little publicised aspect of the new community charge, or poll tax, legislation.

As many as 1m companies could be liable for collecting poll tax contributions from employees unwilling or unable to pay when the controversial tax replaces domestic rates paid on property on April 1.

But many employers appear unaware of their obligations or of the complexities involved.

Under the legislation introducing the community charge, defaulters can have an attachment of earnings order made against them by their local authority, and the arrears would then have to be deducted from their pay by the employer.

But, in contrast to attachment of earnings orders currently issued by courts for other purposes like maintenance and debt recovery which state how much to deduct in each pay period, the community charge orders will require employers to evaluate the deduction for each pay period.

It will probably be July before the system of warnings to defaulters is completed by the charging authorities and employers are asked to deduct pay.

The problem for employers will be that each case will be different as they could be dealing with dozens of local authorities with different rates of community charge as well as various bands of pay.

Mr Maurice Thompson, legislation manager at Peterborough Software, the human resources software company, thought fewer than one in 10 businesses were aware of their obligations.

Defaults on domestic rates are low but all adults will be eligible to pay the community charge and the numbers unable or unwilling to pay are expected to be higher.

Industry faces big power price rise as sell-off nears

By Maurice Samuelson and David Thomas

ELECTRICITY prices for industrial users could rise by significantly more than inflation this spring, in preparation for the privatisation of the electricity industry on April 1.

By contrast, electricity prices for householders are likely to rise by about the inflation rate, said Mr John Wakeham, Energy Secretary, yesterday.

Negotiations are continuing between the Department of Energy and the electricity supply industry over price rises, due in April, which will probably be the last increases before the industry's privatisation.

Mr Wakeham stressed that final decisions have yet to be made and refused to comment on prospects for industrial users.

Industrial customers are bracing themselves for a stiffer increase than that faced by householders, however. Government officials were yesterday said to have proposed that industrial prices should increase by 5 per cent more than the Retail Prices Index.

The worst hit will be the large-scale, energy-intensive users – such as steel and chemicals – who in the past have enjoyed cut-price electricity produced with some 5m tonnes of cheap, dedicated coal and who were also exempted from transmission and capacity charges.

The Chemical Industries Association estimates that the dedicated coal scheme saved its members up to 10 per cent of their electricity bills.

Britain 'at forefront of European telecoms'

By Alan Cane

MOBILE telecommunications is undergoing an unprecedented boom with the UK at the forefront in Europe, according to a study by the Communications and Information Technology Research (Cit), the London-based consultancy.

The UK is the clear leader among countries of the European community in the development of cellular radio, chiefly, it seems, because of its early moves to deregulate telecommunications services.

The Government announced late last year that personal communications network licenses would be awarded to three consortia – Mercury PCN, BAe and Unitel.

Cellular radio is heading the telecom boom after shrugging off the high costs of calls and equipment and restrictive capacity limits.

Its growth has exceeded expectations, the study says, with 2.2m European cellular radio subscribers. That implies that more than 66,000 new users are subscribing to cellular radio services each month.

The combined value of equipment sales and service revenue from cellular radio services amounted to Ecu3.8bn (£2.8bn) in 1989, an annual growth rate of 35 per cent.

Mobile communications as a whole has become an Ecu6bn a year business says the study – a figure that is forecast to treble in the 1990s.

In addition to cellular radio, the sector includes private mobile radio (PMR) systems and wide area paging systems. The market for PMR grew at only 9 per cent in Europe in 1989, Cit says, while paging grew at 23 per cent. Mobile data communications and CT2 cordless mobile telephones are still too new to show in the figures.

Cit says that growth is being driven by customers' needs: "It is demand from users not a push from suppliers," according to Mr Rob Ollerenshaw, Cit's director of multiclient research and analysis.

Mobile Communications in Western Europe 1990; Cit Research, 23 Dering Street, Hanover Square, London W1R 9AA. £4,585.

OBITUARY

Businessman behind London landmarks

Lord McAlpine

LORD McAlpine of Moffat, who died on Sunday at the age of 82, the head of the building and construction family, was one of the most influential figures in the industry.

He joined the Sir Robert McAlpine and Sons, family business in 1925. He was born in 1907 and joined the company after leaving Oundle school. He concentrated on administration and development of the company.

Under his direction the company constructed several landmark buildings in London, including the National Theatre and the Shell centre on the south bank of the Thames.

The McAlpine family group was known as the Dorchester Group, after the Dorchester Hotel which the McAlpine family owned for more than 20 years.

Lord McAlpine became deeply involved in the development of Britain's civil nuclear industry and became an advocate of the advanced gas cooled reactor.

In 1955 he became deputy chairman of the Nuclear Power Plant Company, a consortium represented the north east group of nuclear contractors. He became the consortium's chairman in 1959. In the same year he was appointed deputy chairman of the Nuclear Power Group formed that year.

The McAlpine company designed and constructed the Bradwell nuclear power station and won the first export order for a power reactor for a nuclear power station at Latina in Italy. In 1973 he became deputy chairman of British Nuclear Associates.

Tories promise priority for Birmingham Six issue

By Robert Rice, Legal Correspondent

MR DAVID Waddington, the Home Secretary, gave an assurance to the Irish Government yesterday that fresh representations made by lawyers acting for the six men convicted of the 1974 Birmingham pub bombings would be dealt with as a matter of priority.

At a meeting in London with Mr Gerry Collins, the Irish Foreign Minister, Mr Waddington said the representations – which were delivered to the Home Office before Christmas – were "substantial and complex." They were being closely examined by Home Office officials to see whether there was any new evidence which would justify re-opening the case, he said.

Mr Collins described the meeting as "friendly and helpful", but said it was too early to say how long the Home Office examination would take as neither he nor Mr Waddington yet knew full details of the new submissions.

The six men, Mr Patrick Hill, Mr Hugh Callaghan, Mr John Walker, Mr Richard McIlkenny, Mr Robert Hunter and Mr William Power, were each given 21 life sentences at Lancaster Crown Court in August 1975, one for each of the people who died in two explosions at the Mulberry Bush and Tavern in the Town public houses in November 1974.

A Home Office spokesman said it would be at least a month before any decision was taken on whether to reopen the cases because of the length of the submissions.

Birnberg & Co, the lawyers acting for the men, refused to comment yesterday on the nature of the representations.

FT LAW REPORTS

Digest of Michaelmas Term cases

From November 15 to November 28

FURNESS WITHY (AUSTRALIA) PTY LTD v METAL DISTRIBUTORS (UK) LTD
(FT, November 15)

A charterparty for a shipment from South Australia to India specified that it was governed by English law and provided for London arbitration. Another clause stated that the terms of the Australian Sea Carriage of Goods Act applied so that the Hague Rules were incorporated.

Section 9 of that Act provided that the deemed law of the contract would be "at the place of shipment" and any agreement purporting to lessen the jurisdiction of the Australian courts would be void and of no effect.

Mr Justice Staughton held that the clause that provided for London arbitration overrode the one that the charter was governed by Australian law (see Ocean Steamship [1941] 1 KB 402).

Moreover, the arbitration proceedings were valid in that the evidence showed a common shared assumption that there was a valid arbitration agreement so that the doctrine of estoppel by convention applied.

BATIS MARITIME CORPORATION v PETROLEUM MEDITERRANEO SA
(FT, November 17)

In a dispute between the owners and charterers as to whether the latter were entitled, after nominating one port, to change that nomination once the vessel had arrived at the original nomination, the arbitrators found that the owners were not entitled to damages for breach of contract by the charterers.

On appeal by the owners, Mr Justice Staughton held that the order to proceed to another port was a breach and was not one the charterers had been entitled to give so he ruled that the owners were entitled to damages for the breach of contract.

Moreover compliance with the order had not broken the chain of causation but was an essential link in the chain so that the entire amount of the expenses that the owners had incurred by way of additional war risk premium would have to be taken into account in assessing their claim for quantum meruit as proper remuneration of services rendered, held Mr Justice Staughton.

THE FILIATRA LEGACY
(FT, November 21)

API, the owners of an oil refinery in Italy, sued for an alleged shortlanding of crude oil shipped under a c.i.f. contract.

The shipowners took a preliminary point on API's title to sue. In giving judgment for API, Mr Justice Leggatt stated that where specific goods were sold under a c.i.f. contract, property might pass as soon as the contract was made. But usually that would be negatived by the seller's intention to retain a right of disposal until the price had been paid or there was adequate assurance that it would be paid.

In the present case, a standby letter of credit conforming to contractual requirements had been issued by the bank.

That was the very security for which the contract stipulated, and since the determining factor for passing of title was the securing of the price, actual discharge was not material so that the property passed on shipment or if not, by the date of issue of the letter of indemnity.

THE ULYANOVSK
(FT, November 22)

On a voyage charterparty, the charterers gave notice to the owners not to present the ship for berthing unless ordered to do so.

The reason for the instructions was that the charterers had to pay suppliers by formula based on the average of prices on bill of loading date.

However, they had calculated that they could profit from a weakening market by delaying shipment for a couple of days.

In the event, the master disregarded those instructions and the charterers successfully claimed damages in arbitration for breach of contract with reference to their losses which amounted to $865,591.

On the owners' appeal, Mr Justice Steyn stated that if the arbitrators' view were upheld the law was relatively simple: the charterers might delay loading during laytime, subject to their obligation to pay demurrage, and subject to the owners' right to sail away after delay became so prolonged as to amount to frustration of the adventure.

It was a readily comprehensible framework against which parties could evaluate the risks of an adventure and agree on appropriate rates.

DORSET COUNTY COUNCIL v SOUTHERN FELT ROOFING CO LTD
(FT, November 24)

Clause 2.1 of a contract for the repair and renewal works to a primary school provided that the council should "bear the risk of loss or damage in respect of the works . . . and existing structure and contents . . . by fire, lightning, explosion, aircraft . . . or articles dropped therefrom." During the course of the works the school caught fire and there was severe damage to buildings and contents. On the present preliminary issue the court was asked to assume that the fire had been caused by the contractor's negligence. In dismissing the contractor's appeal that clause 2.1 did not absolve it from liability in tort, the Court of Appeal stated that when the clause was read as a whole, two significant features emerged: the heads of loss to which the clause related were not restricted to loss and damage by fire and, second, the risk on the owner was not confined to the existing structure and contents but extended to "the works." Therefore it could be assumed that once the draftsman had chosen to refer to a number of causes of damage which involved no fault on anyone's part, he did not have in mind damage by fire occurring without negligence on the contractor's part.

MACKINLAY (HM INSPECTOR OF TAXES) v ARTHUR YOUNG McCLELLAND MOORES & CO
(FT, November 28)

The Inland Revenue won its appeal to the House of Lords that relocation expenses paid to partners in an accountancy firm were not deductible from the firm's profits for tax purposes under section 130 of the Income and Corporation Taxes Act 1970 because they were not "wholly and exclusively laid out or expended for the purposes of the trade, profession or vocation." Lord Oliver stated that whether expenditure was laid out for purposes of the partnership business could not be ascertained by establishing the motive with which the move was undertaken. The expenditure was intended to serve the partner's personal interests in establishing his private residence and was not exclusively for the purposes of the practice.

Aviva Golden

Hester Thomas describes the growing interest in holograms as corporate art.

Taking the image on to a new plane

An intriguing sight greets visitors at the refurbished reception area of Shell UK's head office in London. At the end of a colonnade, flanked by stained glass windows showing the four elements, is a three-dimensional vision of planets, stars and spiralling galaxies which appears to move as the viewer walks around it.

Two holographic glass plates, measuring two metres by one metre with a projected image of 80 cm, have been used to create what is believed to be the largest full-colour holographic image in the UK. It is based on a theme of energy.

Holograms have been available in commercial form since the 1960s. Demand for them has been stimulated by their use in exhibitions. In the UK, their popularisation was hastened by the Light Fantastic exhibitions at the Royal Academy of Arts in the late 1970s and Light Dimensions at the National Centre for Photography, in Bath, in 1983.

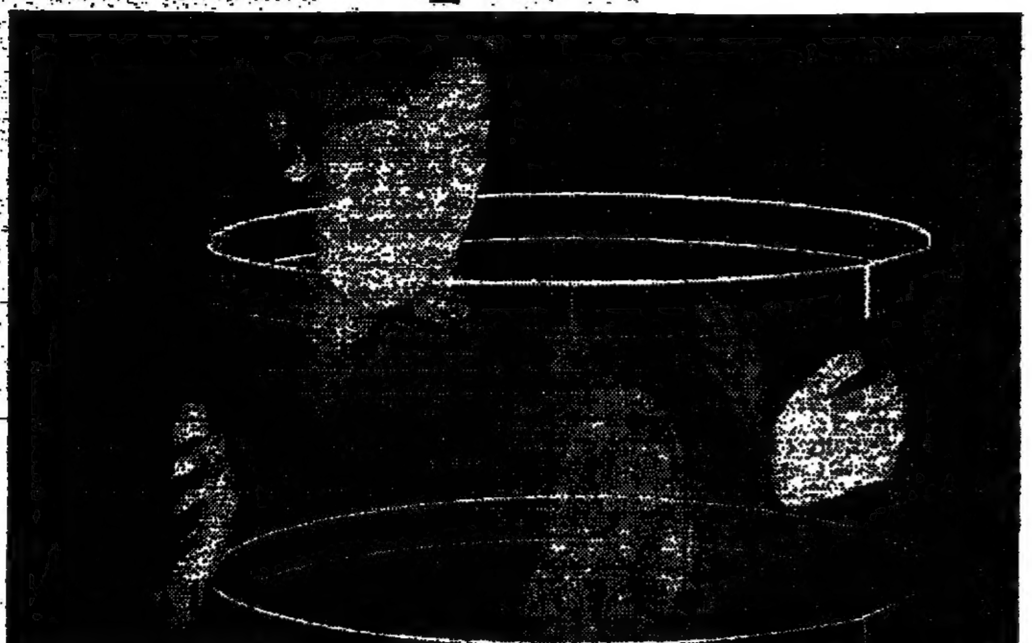
The public has since become used to seeing holograms on credit cards or as prizes in breakfast cereal packets. In the business community they have been used as eye-catching point-of-sale material or in inexpensive gifts such as key-rings and paperweights.

The emphasis has been on the production of small, novelty holograms. Rarely have they been used in a large-scale capacity or shown to their full effect.

The hologram as corporate art is available from only a handful of companies in the UK. A large-scale display hologram costs between £8,000 and £60,000.

Chris Lambert, managing director of Laza Holograms, based in Reading, estimates that this year he has provided five customers with tailor-made display holograms. Holographics UK, which operates in the corporate and leisure sectors, employs 10 people and has a turnover of about £500,000. John Vogel, sales director, estimates that 75 per cent of its holograms are for corporate displays.

Holograms are also produced for magazines, brochures and as gifts. In 1987, Holographics produced a hologram of the Michelin Man, shown at the Stoke-on-Trent Garden Festival. The image was 1.25 metres high and had a total projection of 5 metres — one of the largest produced using the Rainbow Benton transmission technique, which records the image via a horizontal slit on to the holographic plate.



Exhibitions have stimulated the market for holograms. This one formed part of a display at the Museum of La Villette in Paris

David Reed is creative director of Axis Holographic Design, which devised the Shell hologram. He believes there are few large-scale display holograms "because people have been dazzled by the nature of the medium, neglecting the design of the image."

A hologram results from the physical interaction, called interference, between two sets of light waves, both of which originate from a coherent light source (in which all the radiation has the same wavelength) such as a laser.

One set of waves, called the object beam, is scattered by the object and interferes with the second set of waves, called the reference beam, on the surface of a plate covered with a chemical emulsion. This is developed in a process similar to the treatment of photographic film.

There are two basic techniques — reflection off the holographic plate or transmission through it. Further variations are achieved using different substrates, such as glass or film, and different chemicals covering the holographic plate.

Manufacturing companies have tended to concentrate on a particular technique. Laza Holograms, for example, specialises in film holograms. Others have focused on the high-volume, low-cost embossing technique used on credit cards, a multi-million pound industry.

Axis Holographic Design and Holographics UK are among the few companies which take design as their starting point and then choose an appropriate holographic technique to achieve the desired effect. Axis's clients have included London Fox, the Futures and Options Exchange in cocoa, coffee and sugar; RTZ Chemicals (now part of Rhône-Poulenc); and the insurance company Factory Mutual International.

Reed and his partner Marc Edmunds have received more interest in corporate display holograms from financial institutions and manufacturers of industrial products than from high-profile companies producing consumer goods.

This may be because a hologram provides an opportunity to make a statement about a company in its home environment — the boardroom or reception area. Other companies prefer to spend their money on product advertising.

London Fox commissioned a hologram of its new corporate identity — an agile russet-coloured fox — as a centrepiece for the reception area of its London office. The image is projected out of a 100 cm by 95 cm glass plate and is achieved using a white light silver halide reflection technique, which gives a rich monochromatic image. The silver halide covering the holographic plate can be controlled to reflect a narrow band of colour.

The holographic plate would normally be coated with a black backing. However, as the hologram was being installed in front of London Fox's security room, the plate had to be transparent in order to satisfy surveillance requirements. Axis developed a transparent tinted backing for the plate, which maximised the transmission of light while maintaining a sharply defined image.

The most technically exacting work to date has been the Shell holograms — not only in terms of their size but also in their use of colour. "Although full-colour holography had been proven in the laboratory on small-scale systems, full colour had not been attempted with the scale, depth and projection of the Shell holograms," says Reed.

Axis used a Quantel Graphic Paintbox computer to generate a full-colour two-dimensional image of outer space, which was then colour separated into red, green and blue slide transparencies.

The silver halide reflection technique typically produces an image in either green or red. Through chemical swelling of the silver halide in the emulsion (covering the holographic plate), the colour can be shifted to any part of the spectrum. The emulsion was swollen before exposure to record and reproduce the appropriate colour.

The difficulty for the holographer lies in the fact that each swelling of the emulsion distorts the position of the image when reproduced. This is not a problem when there is only one exposure. However, the mixing of three exposures and three colours can result in a blurred misregistration.

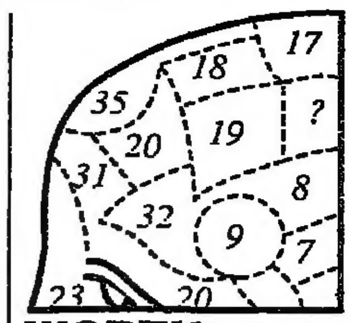
The camera and holographic plates had to be precisely adjusted and it took two months of experimentation to achieve the correct registration for a full-colour image. "In retrospect, we stuck our necks out," says Reed, "but it worked."

Holograms certainly catch people's attention. "They either love them or hate them," says Brian Robinson, project manager at RTZ Chemicals. "Mostly they love them."

But why opt for a hologram in a head office reception when a painting would suffice? "We're a high-tech company and we wanted to display a high-tech image to customers," explains Robinson.

Solomon Balas, chairman of Third Dimension, which specialises in film display holograms for companies such as Black and Decker and Union Carbide, says: "People react physically to holograms. They walk round them and they become talking points."

Axis is not only interested in producing holograms of corporate identities or works of art. Reed believes they could be used as communication tools. For example, animated holograms — where the image changes as the viewer moves around it — could be used by a pharmaceutical company to show the degenerative effects of a disease and the regenerative effects of its treatment.



WORTH WATCHING

Edited by Della Bradshaw

Wing mirror moves inside

THE AERODYNAMIC designs of today's motor cars are spoilt by one thing — the wing mirrors.

To do away with these protuberances, a UK firm has developed a wing mirror which sits inside the car.

It relies on a series of interconnecting prisms, one of which is attached to the outside surface of the car.

The optical tool is designed so that the view seen on the in-car mirror is the same as that seen on a traditional wing mirror. The mirror can be engineered into the door so that it can be adjusted manually.

As well as cutting down on vandalism and increasing fuel efficiency, the in-car mirror could reduce noise. The wing mirror accounts for a significant proportion of the external noise produced by a moving car.

The device, developed by de Montfort Management, of Lichfield, could be incorporated into the driver and passenger doors of production models within the next three or four years.

Shear comfort for sheep

YEARS of research and a million pounds of investment have gone into developing a tool that can give sheep the latest short back and sides.

The aptly named Concorde sheep shearing handpiece, developed by Lister Shearing Equipment of Gloucestershire, relies on a unique combination of mechanical tooth cogs to enable shearers to give their sheep a more comfortable shave.

The manufacturer claims that the electrically driven shearer generates less heat and vibration than existing machines.

Coal analysis to cut costs

A WAY OF cutting the running costs of coal-fired power stations has been developed which uses nuclear and microwave techniques to analyse coal composition.

The system, developed by the UK's Harwell Laboratories, can handle 60 tonnes of coal an hour and takes less than 30 minutes to produce results.

It operates by dropping the coal stream through a chute and bombarding it with neutrons, emitted from a shielded radio-isotope source. When the neutrons interact with the atoms in the coal, gamma rays are produced.

Each of the atoms in the coal produces gamma rays with a different energy level. By measuring the rays and analysing these measurements by computer, the power station operator can detect, for example, whether the coal will produce a lot of ash. It can then adjust the combustion process to give the optimum power output.

By sending microwave signals through the coal stream, the system can also determine the water content.

Sewing seeds for healthy frying

ALLELIX Crop Technologies, of Toronto, has developed a genetically altered Canola (rape seed) oil that could take the guilt out of eating chips and other snack foods, writes *Robert Gibbens.*

Under a contract with Frito-lay, of the US, the world's largest snack foods manufacturer, Allelix set out to make a more nutritious edible oil which also fried well and had a long shelf life.

Canola already provides a healthy alternative to most oils: it is high in mono-unsaturated fat and contains only six per cent of saturated fat — the kind which can lead to high cholesterol levels and heart problems.

Allelix says it has used cell biology and selective plant breeding to raise the mono-unsaturated fat level. It is applying for patents in North America, Europe and the Pacific Rim area.

Computer charts without a PC

SOME of the most sophisticated computer-generated graphs and charts can now be shown in conference and seminar rooms which are only equipped with the ubiquitous overhead projector.

To obviate the need for a personal computer, the Transview Memory, as it is called, incorporates a transparent liquid crystal screen which can be placed on top of any ordinary overhead projector. When the light is switched on, the graphics are projected on to the screen.

The Transview Memory stores the computer graphics on a two-inch removable disk, each one containing more than 50 images. Stored images can be replaced individually — without having to wipe the disk clean.

Developed by Davis of Drammen in Norway, and sold in the UK by Datascan, of Surrey, the Transview Memory screen has more than 300,000 pixels, or picture elements. The images of pictures or text can be displayed in black and white, or 26 shades of grey.

Waves threaten immunity

CHINESE researchers have carried out field studies which suggest that the human immune system is impaired by exposure to low level microwave radar or radio frequencies.

The report, produced by the Zhejiang Medical University of Hangzhou and reported in the UK newsletter Electromagnetics News, contains evidence collected from 1,170 students and soldiers living near radio antennae and radar installations for a minimum of one year. A control group of 639 were also put through the same tests.

Researchers noted that in the group exposed to the highest powered waves — power densities of 13 to 42 microwatts per square centimetre — the ability of white blood cells to destroy bacteria (a process known as phagocytosis) was impaired.

The researchers also *observed deterioration in visual reaction time and memory.*

CONTACTS: De Montfort: UK, 0543 250666. Listers: UK, 0453 544141. Harwell: UK, 0235 821111. Allelix: Canada, 416 677 0831. Davis: Norway, 3 83 55 90. Datascan: UK, 0784 43 43 77. Electromagnetics News: UK, 0483 426562.

MANAGEMENT: The Growing Business

Dangers of ignoring culture and style

Charles Batchelor reports from an entrepreneurship conference that the onus lies with acquiring companies

Many small, high technology firms face a choice between struggling to finance new innovations from their own limited resources or becoming part of a larger group. But selling out to a larger company, even when the arrangement is entirely amicable, is no guarantee of success, according to a study of two recent mergers by Elizabeth Garney and John Roberts of Cambridge University.

The two academics presented their findings at the second annual conference of the European Foundation for Entrepreneurship Research (EFER)* held in Fontainebleau, France last month.

The first merger involved Baddeley Associates, a Cambridge-based company supplying technical documentation and user manuals for the computer industry, which sold out to CAP, a large computer services group in 1986. At the time Baddeley, which had been set up by Julie and Philip Baddeley in 1982, employed 35 people and had pre-tax profits of £260,000.

For Baddeley, the deal offered financial security and the backing of a company with a reputation for encouraging innovation; while CAP believed in growth through acquisition.

But from the start Baddeley encountered resistance from CAP's middle managers. Although they were now offering customers an improved service they had to charge more and they feared this might make it more difficult to clinch contracts. They also resented the price which CAP had paid for Baddeley, Julie Baddeley reported.

The effort that Baddeley's staff had to make to persuade CAP managers to accept the new acquisition meant Baddeley's work suffered. Morale was hit when it became clear the company could not achieve the targets set in the purchase deal. Julie Baddeley found herself spending a lot of time on reports, forecasts and analyses for CAP.

Instead of concentrating on the needs of customers, as they had done in their first few years, employees of Baddeley became caught up in the organisational world of CAP, which shortly afterwards merged with Sema Metra, a large French group.

Cambridge Interactive Systems (CIS), a small computer aided design group, initially managed to avoid a similar cultural clash when it was taken over by Computervision, a large US company, in 1983, but only because Computervision had no specific plans for its new acquisition.

Shortly after the acquisition by Computervision it became clear the US group had no clear strategy for CIS, the researchers reported. This vacuum allowed CIS's managers to shield the company from some of the more destructive aspects of the larger corporation. In the short term, however, the merger caused great disruption for CIS and little obvious benefit in the long term.

On the development side the relationship was more successful because CIS was established as a separate profit centre within Computervision and the independence it enjoyed meant that the entrepreneurial spirit it had had as a separate company was maintained.

But even these benefits were lost when Computervision's performance faltered and in 1987 Prime, another US computer group, made a successful hostile bid for Computervision. Prime made a deliberate effort to integrate CIS; CIS's name board came down and its independent board dissolved.

The subsequent clash of cultures prompted CIS staff to label Prime as a "technically dead" company full of conformists while CIS staff were variously characterised as "a bunch of Communists", "immature", "arrogant" and "unworldly," Garnsey and Roberts reported.

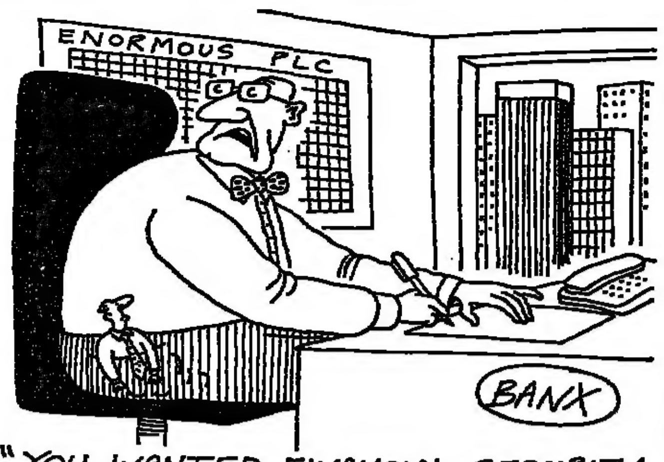
Prime saw itself as a marketing-led company playing for global market share while CIS considered itself to be a development company relying on close contact with individual customers. The strain began to show when Prime in the US ordered an end to unauthorised contacts between the development team and customers, saying this was a job for the marketing department.

Prime merged its own and CIS's development teams working on competing versions of a 3-D modelling system called MEDUSA, thus prompting staff defections. CIS had lost no more than a dozen development staff in the 10 years up to its acquisition by Prime. In the 15 months after the acquisition it lost 43 from the combined technical group of 110.

Unless the larger partner is very careful it can destroy the very advantages it seeks from the smaller firm – the loyalty and commitment of staff, the creativity and excitement which are reflected in its products, the researchers warned.

Subtle and frequently neglected elements of culture, style and vision are critical to the success of the venture, they said. The acquiring firm must explain the rationale of the acquisition to its employees; establish explicit procedures to solve problems; and must not leave the integration effort to individuals in the acquired firm.

**EFER was founded in 1987 to fund research into growing businesses with European or global potential. Most research into small firms in Europe is carried out on a purely national basis despite the approach of 1992 and the single European market. Even EFER has found it difficult to get academics to look beyond their national horizons, however, and it plans in future to fund studies involving academics from more than one country and insist that national studies are carried out on a common basis so their findings are comparable.*



"YOU WANTED FINANCIAL SECURITY, DIDN'T YOU?"

■ Small firms can play an important part in commercialising new technologies, according to a Belgian study of new businesses in the fields of bio-technology and artificial intelligence presented to the conference.

Given the very low interest of large firms in fundamental research into bio-technology, the start-up of new research-intensive firms was the only way to get the technology out of universities, Roland van Dierdonck and Paul Gemmel of De Vlerick Management School, Ghent, said.

In Belgium the bio-technology field is particularly dynamic. American corporate investors – both large and small businesses – have stakes in a number of local new technology-based firms; some long-established small and medium-sized Belgian businesses have developed bio-technology operations; and small suppliers of instruments and equipment to the sector have been established.

The efforts of small firms in the field of artificial intelligence have not proved as successful, however. Universities have not produced the breakthroughs needed for the technology to be widely used.

Small technology-based firms must make some fine judgments about the time they spend on development research and on actually bringing a product to market. The shortage of early stage venture capital forces small firms to start producing saleable products very early on in order to generate earnings.

Small firms are also vulnerable to counter-attack from larger, established players in their markets. They may attempt to leapfrog the new entrant by imitating its products at lower prices or by developing second generation products.

■ Venture capitalists could do a lot more to help emerging growth companies expand internationally, according to a third study presented at the conference.

The term "venture capital" conveys an aura of providing added value in addition to mere finance, the researchers from Erasmus University, Rotterdam, and from Europe Transfer Consultants noted. But in practice international venture capital firms did not provide the continuing support which many entrepreneurs expect.

Asked to rank their venture capitalist on a scale of one to 10 (with 10 denoting the highest rating), 51 per cent of companies gave a rating of 1-4 (a bad score according to the researchers), while 21 per cent gave an average rating of 5-6 and 28 per cent a good rating of 7 and above.

The venture capitalists only rarely took the initiative in helping a company internationalise. In just 18 per cent of cases was the decision to internationalise taken in co-operation with the venture capitalist.

In the field of marketing 54 per cent of companies felt that venture capital support was inadequate though venture capitalists were fairly active in making contacts with local suppliers and customers.

Sixty one per cent of companies felt the venture capitalist had insufficient knowledge and experience of the area the company was working in though venture capitalists scored relatively well in the fields of strategic decision making and building a management organisation.

The blame for these shortcomings did not lie only with the venture capital industry, the researchers pointed out. Most companies (68 per cent) were also at fault for failing to select their venture capital partners on the basis of specific criteria. Those which did set criteria were much more satisfied with their partner's performance.

Learning at a distance

Charles Batchelor on training for small business owners

Fewer than two in 100 small firm owners have had any training in how to run a business despite strong evidence that training can sharply reduce the risk of failure. Persuading them that tuition could improve their performance is a task that has baffled training organisations.

Many businessmen say they lack the time while others are unwilling to expose the problems their business might be facing by attending courses open to friends, acquaintances and business rivals.

Cranfield School of Management* and The Open University believe that many of the barriers to business training can be overcome by a new £1.5m distance learning programme due to be unveiled later this month. The programme involves the use of a combination of work books, audio and video tapes and workshops to tackle the problems most commonly encountered by growing businesses.

The idea, which is not new, is that businessmen can follow the work books and tapes in their own time. What is new about the programme is its application of the conventional distance learning techniques used by the Open University to the small firms area and its focus on practical growing business issues.

The target for The Small Business Programme is the existing firm with between five and 50 employees, says Paul Burns, responsible for Cranfield's part in the project. The programme is sub-titled Management Development for the Growing Business.

The programme covers 24 subjects. These include marketing, using design, pricing, selecting employees, time management, leadership, accounting, debtor control, office management, using computers and production. Individual modules cost £105 plus VAT while the fee for attending workshops is about £100. Programmes introducing the courses will run at mid-day on Saturdays on BBC2 from next month.

**The Small Business Programme, Cranfield School of Management, Cranfield, Beds MK43 0AL. Tel 0234 750414.*

The search for the right employee

How do you react when a staffing crisis occurs? Suppose that your supervisor bursts into your office and pants: "Alf is leaving – we must get someone else before next Monday!"

As a successful entrepreneur you thrive on your quick reactions to problems. So you snap back: "What are you hanging about for? Get an ad in the local Echo!" But wait, urges the CBI in a new booklet* entitled Finding People for Your Business. This rapid response is unlikely to be the best way to deal with a staff emergency. The manager needs to ask some basic questions before taking any action.

● Why is Alf leaving? Could he be persuaded to change his mind and are there lessons that you can learn to save losing other staff?

● What exactly is the job that Alf does? He may have been taken on to operate a particular machine but if orders are down for the product from that machine there may be no need to replace Alf's skills.

● If a replacement is needed does the work have to be done by a new employee or could it be shared between other existing employees, possibly with the help of overtime working?

● Could the job be done on a part-time or job-share basis? Could the company employ temporary or casual workers?

By pausing to get the answers to these questions you could save on payroll costs, improve efficiency and productivity and increase profits, the CBI suggests.

The booklet offers guidance on filling vacancies, preparing job descriptions, holding interviews and creating attractive pay packages.

** CBI Publications, CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU. £5.*

In brief...

■ Employee share option plans (ESOPs) represent one way for family-owned and other businesses to motivate staff and ensure the long-term independence of a company. ESOPs, Share Schemes and Performance Related Pay for Executives and Employees is the title of a one-day seminar to be held on February 22 in London.

Contact Professional Conferences & Training Services. Tel 01-284 0470. £225 plus VAT.

■ The Toshiba Year of Invention Competition has been extended to its third year with more than £100,000 worth of prizes available to small businesses, individuals, schools and universities or colleges which have devised a new and potentially useful idea.

Entries for the 1991 competition will close on April 2 1990 with the winners of the second (1990) competition due to be announced on February 8. In its first year the competition was won by a Yorkshire farmer who invented a machine to sort grains of wheat.

Contact Ravenstone Public Relations, 14 Verwood Road, Harrow, Middlesex HA2 6LD. Tel 01-428 8880 or Design Council, 28 Haymarket, London SW1Y 4SU. Tel 01-839 8000.

■ St John's Innovation Centre in Cambride has signed a co-operation agreement with Oulu Technology Park in Finland to encourage joint projects in the fields of marketing, technology and training.

The two science parks intend to bring together small high-tech entrepreneurs, large companies and research institutes.

■ Small businesses operating in the traditional steel-making areas of the UK may be able to obtain small amounts of equity capital from British Steel Industry (BSI), the organisation set up to promote job-creation in areas hit by steel plant closures.

BSI has made 10 investments of between £25,000 and £100,000 in recent months. Often the equity finance, which includes a buy-back option for owners on pre-determined terms, is accompanied by loan funding.

Contact: British Steel Industry. Tel 0742 731612.

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ARTS

Response to the pity of war

William Packer on the exhibition at the Imperial War Museum

Bill Woodrow was one of our stars of the 1980s, one of those young sculptors, along with such as Tony Cragg, Anish Kapoor and Richard Deacon, who achieved wide international recognition and reward. Whether he and his fellows are mere shooting stars, all too soon to burn themselves out, or have won for themselves a more permanent place in the firmament, remains to be seen. As yet their work is never less than interesting, any new show an event.

Last year the Imperial War Museum invited Woodrow to make free with the collections and work from the experience. *Point of Entry*, the exhibition now at the Museum (until February 4), is the result. Such institutional collaboration with a serious artist is seldom disappointing, and this is certainly intriguing. Yet for all the recent efforts of its governors to turn it into an adventure playground, the War Museum is rather a special case, a serious and sobering place but one much misunderstood.

Every man thinks meanly of himself for not having been a soldier, said Dr Johnson, which is too sweeping a dictum, but touches a nerve even so. Though there has never been anything gung-ho, jingoistic or cosmetic in the Museum's treatment of its material, the modern liberal conscience has often found it convenient to believe it so, wishing to convince itself, quite as much as the rest of us, that it alone has realised the waste, the horror, above all what Wilfred Owen called "the pity of War."

We have only to look to the response of artists more immediately engaged for the pretence to be exposed. Owen may have spoken out against the ". . . old Lie: *Dulce et decorum est/ Pro patria mori*," but he was no pacifist, neither were the likes of Sassoon, Graves and Blunden. Kipling, the older observer, was bitter in his irony. Lutyens' Cenotaph, every regimental memorial by Kennington or Jagger, any village monument — all are poignant with a sense of loss.

In the final gallery, beyond Woodrow's personal choice from the collections, hangs "Gassed," a huge canvas by that arch flatterer of Edwardian high-society, John Sargent, who was with the Canadians on the Western Front. With its studies and associated water-colours of trenches and encampments, it makes the point direct, if ever it needed making, that whoever would argue for a white poppy for peace on Rememberance Day rather than the familiar British Legion red, is dreadfully mistaken.

The problem for Woodrow in all this is to discover and express a true and personal response to what must be for him vicarious experience, yet experience that has profound social and cultural resonance. The cliché is all but impossible to avoid and at his worst he is obvious and sentimental. A tangle of guts pours out of the "Point of Entry" to spell Mum and Dad across the floor; a cripple's crutches point a reminder, which must yet be spelt out; bandages are wound round metal stumps. The punning "Un till the land" is a mawkish travesty, a splayed skeletal figure cast as a plough. He should re-read Hardy's short poem of 1918, "In time of The Breaking of Nations."

But all is not lost. In formal terms this is Woodrow's most interesting show for many years, for while the work remains essentially figurative and even illustrational, in that the idea is given and then described, the objects are now integral, complete in themselves. They stand or fall by their individual sculptural presence, beautifully made for the most part, yet no longer preening themselves on the imaginative ingenuity which conceived them, or the dexterity by which they have been contrived.

Woodrow has reached a turning point in his development, putting away his shears and pliers at last, that have sustained him for so long, in favour of more varied a box of tricks. He may have made his last silk purse out of a fridge door, and the transition is evidently uncomfortable.

But one work here, "First Chair," the most ambiguous though full of symbols, is by far the most successful — a tilted chair, a sickle, a sort of weeping willow branch with gloves as leaves. Free of his dark thoughts and literal, sententious moralising, Woodrow seems set to renew his work and surprise us all.

★

Early in 1988, at Winchester, an exhibition opened of the cathedral drawings of Dennis Creffield. Michael Harrison of the South Bank Board had seen some drawings by Creffield of Wells Cathedral and asked if he would care to do enough for an exhibition.

Creffield had long nursed the ambition to draw every cathedral and abbey church in the country, and so it came to pass that he was commissioned and sent on his way.

This remarkable show has been touring the country ever since and has now come to London, to the Camden Art Centre (Arkwright Road NW3: until January 8), last of all.

He must be the first artist since F.L.Griggs, of the Highways & Byways books, to have worked at so many great churches, and the first since Turner to have done so with such expansive gusto. Having reviewed that first show with some considerable enthusiasm on this page, I was curious to see if my initial judgement held.

If anything the work is now even more impressive, for Creffield has added to it in the meantime, notably some magnificent drawings of Westminster Abbey. In the more ample spaces of Camden, the collective authority of the work is unmistakable.

These are not close architectural descriptions, but free expressionist reponses to the physical experience these buildings afford. Yet to anyone who knows them, they are immediately and potently recognisable.

Sometimes shadowy and indistinct, sometimes a flurry of active marks, sometimes the high vaulting of the interior, sometimes the towers and spires and buttresses outside: whichever it is, these charcoal drawings generate an extraordinary physical charge and entirely capture the imagination.

I could not recommend them more strongly. Creffield is a fascinating speaker and is to give an open talk around his subject in the gallery next Sunday at 3 pm.

Woodrow's First Chair, 1989: Cardboard into bronze

The Hollywood principle muscles in on Broadway

Broadway has been fending off Hollywood since the movie palaces pushed theatres into the side streets of New York in the 1930s; but only in 1989 did the California crowd take over the legitimate theatre.

Actors practicing their skills have already made Los Angeles a thriving theatre centre. New York was their next challenge, which they have met with unanticipated success. Dustin Hoffman led the way as Shylock in the import of Peter Hall's West End production of *The Merchant of Venice* at the 46th Street Theatre; as Londoners know, Hoffman is a convincing, meditative Shylock who manages to arouse pity and contempt in surprisingly equal measure.

Hollywood producers have always used star names to attract audiences and the trick works on Broadway, filling the balcony seats with enthusiastic teenagers to see singer Sting in the redubbed *Threepenny Opera* playing Macheath as a young, dapper and stiff James Mason in John Dexter's lacklustre production at the Lunt-Fontanne.

Tyne Daly, best known for her long-running TV sitcom, belts the songs of *Gypsy* like a new Ethel Merman, but she lacks the smiley Merman charm, but Jonathan Hadary has an abundance as Herbie, the cuddly chap she sings "Funny" with. Besides the great Styne-Sondheim songs, *Gypsy* anticipated by a generation the lives of career women; it is a far cry from the musically-meagre, rehashed films that pass for new musicals like *Meet Me In St. Louis* and *Grand Hotel*.

A Few Good Men was to be made into a film before the producers decided to make a play of it first. It opened in November at the Music Box as the only contemporary American drama scheduled for the 1989-90 season. Director Don Scardino, known for his acting with the Dodger Theatre a decade ago, compensates for the stark, limited visuals of a court martial play with an excellent cast and intermittent lighting effects by Thomas R. Skelton.

Playwright Aaron Sorkin sets the play at the American Marine base at Guantaname Bay, Cuba in 1986, to delve into the Marines' brutal code of honour behind the murder of one recruit. As courtroom drama the play lacks the twists that make for surprise, but as a character study, it turns the lawyer (Tom Hulce), who might have been just a Marine misfit, into a charming exemplar of the contemporary young professional still valuing principle over income. Megan Gallagher melts just at the right moment as his superior officer and Stephen Lang makes the old-fashioned discipline of the marine unit sound almost plausible in his stiff necked performance which successfully skirts the boundaries of parody.

California showmanship comes to *Tru* in the form of a urethane mask that makes boyish gap-toothed actor Robert Morse look exactly like the puffy, dissolute, ageing Truman Capote. As the subject of an evening's impersonation, Capote is no Dickens, Mark Twain or even Oscar Wilde; humour tends to revolve round snide remarks about living people like Gloria Vanderbilt and Norman Mailer.

Set in Capote's gaudy flat with a panoramic view of New York, Jay Presson Allen's play, which she also directed, catches Tru in a low state near Christmas in 1975. It was just after New York high society ostrasized him for letting Esquire publish an excerpt of his bitchy and revealing novel, *Answered Prayers*. The subject comes off as mildly self-pitying, but amusingly bitchy with a kooky appeal in what is, in the end, an endearing memorial to a character who may have been his own best creation.

Hollywood gets top billing as the title of *City of Angels*, Larry Gelbart's parody of Raymond Chandler with songs by Cy Coleman and David Zippel. Scenic designer Robin Wagner captures the steamy, airless city in black-and-white that was Los Angeles in the 1940s. But instead of a well-constructed plot, the musical at the Virginia is merely complicated, with the detective story inside the angst of its writer selling out to Hollywood. James Naughton is the detective and Gregg Edelman the author with Rene Auberjonois stealing the limelight as a Hollywood mogul putting the screws on the writer. Michael Blakemore directs it as a play with music.

Off-Broadway, which once seemed to epitomize transiency, now seems more hospitable than Broadway, giving longevity to topical plays like *Other People's Money*, the story of the brash New York takeover artist in a sedate New England setting, and *Only Kidding*, a backstage look at the brutal business of comedy. The Three Dollar Bill company, which playwright Victor Bumbalo founded a year ago, came into sudden prominence with his play *Adam and the Experts*. Its update of the AIDS epidemic focuses on the recent surfeit of medical and spiritual advice.

Off-Broadway even spawned three Broadway productions, a trick that used to be confined to Joseph Papp and his Public Theatre. Papp failed to transfer David Hare's *Secret Rapture* successfully to Broadway, but *Sweeney Todd* became the first musical hit of the season when the intimate production at Theatre 92 transferred to the small Circle-in-the Square; the Playwrights Horizon production of Wendy Wasserstein's *The Heidi Chronicles* moved to Broadway and won both Pulitzer and Tony awards. A. R. Gurney's two-hander, *Love Letters*, got to the Edison on Broadway on the strength of its revolving cast of familiar faces reading the correspondence between lifelong New England upper crust friends.

The surviver of last season, which ended in June, besides *The Heidi Chronicles*, was Jerome Robbins' *Broadway*, a compilation of the director and choreographer's work that was given a Tony as a new musical because it was just about the only one playing when the awards were handed out.

The rise of Hollywood has in no way lowered Broadway's reliance on London. Tom Stoppard's *Artist Descending a Staircase* closed within weeks of its opening but *Shirley Valentine* and *Lend Me a Tenor* enjoyed rousing receptions and long runs. Steven Berkoff's 1970s stark production of *Metamorphosis* had a short Broadway run starring Mikhail Baryshnikov. More interesting was Berkoff's *Cymbeline* at the Public, with a Roman populace that looked like rap artists.

The Public Theatre also anticipated the late-season Hollywood flourish with its summer park production of *Twelfth Night*, which was an extension of Joseph Papp's school for getting Hollywood stars to take their acting more seriously. Jeff Goldblum's awkward, scene-stealing Malvolio marked the nadir of a year that would ultimately depend on Hollywood to bring Shakespeare back to Broadway.

Frank Lipsius

Joan Allen in 'The Heidi Chronicles,' which successfully transferred from off-Broadway to Broadway proper

The Nutcracker

FESTIVAL HALL

It is not often that opera sets child voices against adult ones, but when it does — *Hänsel and Gretel, A Midsummer Night's Dream* — the effect is deeply touching. Ballet, however, mixes kids and grown-ups very often. And you may agree with me that there's something perfect in the idea of *The Nutcracker*'s first scene, as Chaikovsky gives appealing opportunities to children, parents and grandparents, who all join in the same Christmas party.

Like *Hänsel and Gretel, The Nutcracker* is natural Christmas fare. But how different they are. Sweets! In *Hänsel*, the Witch uses them to lure children to doom, in *Nutcracker* they're the basis of a child's view of paradise — Konsiturembourg. And *The Nutcracker* says too that "Whosoever shall not receive the kingdom of God as a little child, he shall not enter therein." It is our loss that no local company has staged Balanchine's *Nutcracker*, which in New York has been a definitive Christmas masterpiece for all ages and intellects for 35 years now.

As with *Hamlet* and *Swan Lake* and *Carmen*, you can chop and change *The Nutcracker*, and it will still be there, giving audiences what they want from it. But why try? In particular, why tamper with the score of Act I, which is as perfect as anything Chaikovsky ever composed? Peter Schaufuss's production for English National Ballet features musical interruptions — and additions from other Chaikovskyana (*Voyvoda, Hamlet* and *Children's Album*).

Why? Because Schaufuss's *Nutcracker* is not about Chaikovsky's score. It is designed, rather, to flesh out a theory — the Roland John Wiley notion that the deaths of Chaikovsky's sister and niece gave him the inspiration to compose the never-never kingdom of Sweets and to see himself as Drosselmayer, the magician. Yet, Schaufuss's staging has little conviction about this. He has used Wiley's theory just to lend his staging a highbrow value. And meanwhile he's made a *Nutcracker* party where parents and children avoid each other and leave separately.

It is a clumsy affair, but my impression is that most of the audience pay as little attention as possible to this pretentious overlay and concentrate on the traditional ballet beneath. As a pantomime, this isn't bad. Snow and Sweet scenes glide alone decently, there's a jolly assortment of Sweet divertissements, some of David Walker's costumes and his Act II fairy tale castle are picturesque, and the snow falls loveably, like cascades of orange blossom. But, as a dance show, there's not much to it. It includes the *most dully repetitious version* I've seen of the Waltz of the Flowers — which inspired Balanchine and, for that matter, Walt Disney, to their most sublime. Danced by a small ensemble, it keeps bringing back the junior heroine and hero to the stage in rows of jetés en attitude again and again. *The Nutcracker* is in every sense a child's initiation to ballet, but Schaufuss's staging suggests that kids may ignore steps and choreography as a necessary but insignificant inconvenience.

I like the way that Schaufuss uses his adults as an ensemble, with company principals cast in both supporting and leading roles. Friday's Sugar Plum couple, Laura Contardi and Maximiliano Guerra, gave elegant, cold, unrelaxed performances. No generosity of spirit, no radiance. Don't they remember that we out there in the hall are Everychild and that they are showing us a dream image of adult love and chivalry?

Alastair Macaulay

Anna Caterina Antonacci, Stefano Antonucci and Marcello Lippi

Rossini's Torvaldo e Dorliska

TEATRO CHIABRERA, SAVONA

Last season, in its home-theatre, the Teatro Chiabrera in Savona, a brave little opera company, the Teatro dell'Opera Giocosa, presented a rarely-heard early opera by Rossini, *Ciro in Babilonia*: it proved to be a work of considerable fascination and of undeniable historical importance. For its current season, the same company has mounted an equally unfamiliar, but far more mature piece, *Torvaldo e Dorliska*, which was first heard in Rome, at the Teatro Valle, on 26 December 1815, less than two months before *Il Barbiere di Siviglia* made its debut at the nearby Teatro Argentina.

Both operas had the same librettist, Cesare Sterbini, who, for the later of the two, could draw not only on the Beaumarchais play but also on a preceding libretto for Paisiello. In the case of *Torvaldo e Dorliska*, Sterbini presumably relied on earlier, familiar operas like Cherubini's *Lodoiska*: for the Rossini is a "rescue opera," a semiseria piece in a tradition whose eminent exemplar is *Fidelio*. Perhaps Rossini's most effective essay in this genre is the strange, ambiguous *La gazza ladra* (1817); while *Torvaldo e Dorliska* does not have the same power, it is, nevertheless, full of characteristic Rossinian invention, including *many instrumental felicities*, and there are several splendidly intricate ensembles, as well as the required display pieces for the principal characters.

The hero and heroine, in the best "rescue" tradition, are husband and wife, tenor and soprano. The baritone is a powerful overlord (it takes place somewhere in northern Europe), who loves the faithful Dorliska. His comic servant Giorgio, also a baritone, is a kind of scaled-down Rocco figure, whose humanity finally leads to the release of the imprisoned couple and the arrest of the villain. Though, of course, the opera never reaches the noble heights of "Abscheulicher" or the evil depths of "welch ein Augenblick," it has a fluent structure, a coherent tone that can encompass domestic grief, thwarted passion, comprehensible and subservient weakness, and heroic determination.

Rossini's original cast included Domenico Donzelli and Filippo Galli, and the score demands star-level vocal accomplishment. The Opera Giocosa company, which operates on a limited budget, could not assemble an array of international stars, Pesaro-style, nevertheless, for the most part, they were able to find promising, gifted artists just entering the professional ranks. For Torvaldo, they engaged Ernesto Palacio, a tenor of greater experience, with an international reputation, familiar to festival audiences and to record-collectors. Mysteriously, Palacio vanished when rehearsals were at an advanced stage, and he was replaced, at the last minute, by the young Saverio Bambi. Courageously, Bambi learned the music on short notice and somehow got through the performance, though his singing was not something the audience — or Bambi — will want to remember. The Dorliska of Anna Caterina Antonacci was quite a different plane; though the voice in some areas is still not under perfect control, the singer is already an artist, with a capacity to move and to thrill the listener.

Stefano Antonucci, who sang the part of the wicked Duke of Ordow, has a pleasant, somewhat light baritone and an agreeable stage presence. He did not sound quite as villainous as he perhaps should have; but his contribution was definitely positive. As Giorgio, the other baritone, Marcello Lippi revealed a stronger voice, which he handled well. He also acted with bearish charm, creating a persuasive character. The "Francesco Cilea" chorus from Reggio Calabria, prepared by Bruno Tirotta and Massimo Sabbatini, sang with meridional warmth. The San Remo Symphony is a good provincial orchestra (with some five winds) and played vigorously for Amedeo Monetti, who obviously has a genuine feeling for Rossini.

The production was straight-forward, with traditional scenery and costumes. Antonio Mastromattei designed handsome, realistic sets: a lovely autumnal park, a bedroom, a cellar, which made the story easier to follow and enjoy. Luisa Salvini's simple, attractive costumes, vaguely Napoleonic (as befits a work written in 1815-16) looked right. Luca Verdone's staging was also simple, natural, unobtrusive.

William Weaver

ARTS GUIDE

January 5-11

OPERA AND BALLET

London

Royal Opera, Covent Garden. The revival of *Der Freischütz* brings back to Covent Garden the production's original conductor, Colin Davis, and leading tenor, René Kollo.

English National Opera, Coliseum. The 1987 David Pountney magical production of *Hansel and Gretel*. Further performances of Richard Jones's witty, deadpan, offbeat production of Prokofiev's *Love for Three Oranges*.

Paris

Théâtre de la Ville. The Wim Vandekeybus and Thierry de Mey programme is followed by Jean-Francois Duroure with his improvisations in *Cosmono Nox*. (48875442).

Barcelona

Gran Teatre del Liceu. Lorenzo Mariani's new production of Puccini's *Manon Lescaut* features Mirella Freni and Peter Dvorsky, and is conducted by Silvio Varviso (318 92 77).

Milan

Teatro alla Scala. Pier-Luigi Pizzi's production of Verdi's *I Vespri Siciliani*, with Kallen Esperian and Chris Merritt, and Roberto de Simone's version of Pergolesi's *Lo Frate Innamorato*. Both are conducted by Riccardo Muti. Also a much-acclaimed *Giselle*. (809126).

Rome

Teatro dell'Opera. Puccini's *Madame Butterfly* is conducted by Daniel Orem. Raina Kabaivanska sings the title role. (461755).

Bologna

Teatro Communale. A highly successful revival of Pier-Luigi Pizzi's production of Bellini's *I Montecchi e I Capuleti*, originally done for Covent Garden. (529999).

Parma

Teatro Regio. Rossini's *La Donna del Lago* conducted by Arnold Ostman, with Daniela Lojarro and Dalmacio Gonzales, in the Pesaro Festival production designed by the architect Gae Aulenti, and Verdi's *La Traviata* with Nelly Miricioiu and Vincenzo la Scola, conducted by Massimo de Bernart (795678).

Berlin

Opera. *Orpheus in der Unterwelt* has fine interpretations by Mona Seefried, Julia Conwell, Barbara Scherler, David Griffith and Hermann Winkler. *Rigoletto* returns with Mario di Marco in the title role. *Il Trovatore* in Herbert von Karajan's production features Sharon Sweet, Ruth Hesse, Franco Bonisolli, George Fortune and Ivan Sardi.

Hamburg

Opera. *Eugen Onegin* is sung in the original language by Olive Fredricks, Katalin Pitti, Daphne Evangelatos, Wolfgang Brendel, Hans Peter Blochwitz and Kurt Moll. *Don Pasquale* is a well done repertoire performance with Hellen Kwon, Paolo Montarsolo, Mikal Melbye and Kurt Streit. *Die Frau ohne Schatten* has a strong cast led by Carmen Reppel, Helga Dernesch, Harald Stamm, Kurt Streit and Yoko Kawahara Stobinski. Also John Neumeier's ballet, danced to music by Mahler.

Cologne

Opera. *La Finta Giardiniera* is well sung by Michael Myers, Teresa Ringholz, John la Pierre, Janice Hall, Andrea Andonian and Darla Brooks. *Die Fledermaus* will be conducted by Andrew Greenwood.

Frankfurt

Opera. The week starts with William Forsythe's ballet *Parallax*. *Der Zigeunerbaron* is revived with Adalbert Waller, Willy Mueller, Ryszard Karczykowski, Barbara Fuchs and Sona Cervena, conducted by Volkmar Olbrich. The new *Ariadne auf Naxos* production is sung by Helena Doese outstanding in the title role. Further *Rigoletto* performances.

Stuttgart

Opera. The successful Achim Freyer *Freischütz* production returns with Helena Doese, Toni Kraemer and Helmut Berger-Tuna. *Andrea Chenier* is conducted by Gian Franco Masini. *Madame Butterfly* features Keiko Kamegawa, Carmen Mammoser, Michael Sylvester. *Figaros Hochzeit* rounds off the week.

New York

Metropolitan Opera. James Levine conducts the first seasonal performance of *Cosi fan tutte* with Margaret Price, Tatiana Troyanos, Jerry Hadley and Thomas Hampson in Colin Graham's production. Nello Santi conducts *Turandot*, with Gwyneth Jones in the title role. Hermann Michael conducts *Die Fledermaus* with Karen Huffstodt as Rosalinde, Brigitte Fassbaender as Prince Orlofsky and Richard Drews as Alfred. James Levine conducts *Wozzeck*. Performances continue of August Everding's new production of *Der fliegende Holländer*. Lincoln Center Opera House (362 6000).

New York City Ballet. The mixed repertory resumes with performances of *Afternoon of a Faun, Dances, Echo,* and *Movements*. New York State Theatre, Lincoln Center (870 5570).

Washington

Washington Opera. Roman Terleckyj's production of *Werther* premiers with Mark Thomsen in the title role and Deidra Palmour as Charlotte, conducted by Cal Stewart Kellogg. Performances of *The Merry Wives of Windsor* continue. Eisenhower (467 4600).

Chicago

Lyric Opera. Barbara Daniels is Rosalinda and Neil Rosenshein sings Alfred in director Giulio Chazalettes's new production of *Die Fledermaus* conducted by Julius Rudel. Lyric Opera (332 2244).

Tokyo

Ballet. *Nutcracker*: Tokyo Ballet, with Yukari Saito, Naoki Takagishi, Miharu Nagai and Yoshiaki Nagahata. Tokyo Bunka Kaikan (725 8888).

FINANCIAL TIMES

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Adjustments in the EMS

THE MOVE BY Italy to devalue the lira by 3.7 per cent against the D-Mark and then narrow the fluctuation margin to 2.25 per cent represents a useful piece of tidying up within the European monetary system. The lira is now on a par with the other currencies that are fully within the EMS, except for the Spanish peseta.

These actions can be viewed as steps towards Stage 1 of the path to monetary union set out by the Delors Committee last year. That stage is to start with the abolition of the remaining exchange controls of all member states of the European Community – except Spain, Portugal and Greece – by the beginning of July. Since France has already lifted its controls, Italy is the most important country still to act.

It was sensible to ensure that any depreciation thought necessary would be set in the context of a change in the margins of fluctuation. Such a depreciation is not likely to be viewed as a precedent for further depreciations. This is important because preservation of day-to-day exchange rate stability within the EMS might, otherwise, entail a disruptive degree of interest rate volatility in the absence of exchange controls.

Further realignments do not seem essential in the near term, despite the recent strength of the D-Mark. The situation for the longer term looks increasingly problematic, however.

The starting point for any analysis of the future of a given set of parities is not the size of the capital flows required, but their credibility. Currencies can lift themselves up by their own boot straps. If capital markets believe that exchange rates will be maintained at a given level, they are likely to generate the required capital flow in response to relatively modest interest rate differentials.

Political strains

Credibility erodes as the economic costs of the policies required to maintain a given set of parities rise. Over the three years since the last realignment, the policies required of the full participants in the EMS created modest political strains. The monetary authorities in the peripheral countries have, in practice, been quite happy to follow the Bundesbank.

Happy situation

The question is whether this happy situation is likely to continue. The OECD has forecast a current account surplus of $71bn for West Germany this year, along with a deficit for the rest of OECD Europe of $60bn. The threat to exchange rate stability derives from the fact that an increasing proportion of West German capital is, over coming years, likely to be absorbed either at home or in the countries of eastern Europe. The West German current account surplus will tend to decline, at least as a share of gross national product, from the extraordinary level of 5¼ per cent forecast for 1990.

The Bundesbank is most unlikely to allow the increase in demand for West German resources to generate inflation. With West German monetary policy likely to be tighter than otherwise over a sustained period, the EMS partners will either have to follow the Bundesbank's monetary suit or be forced to accept realignments. The former is the path of exchange rate stability, but it is also a way of making slower growth of demand in the rest of western Europe accommodate increased demand in West Germany and eastern Europe. Conflicts are in the offing.

The recent events in eastern Europe entail a structural economic shock of the first importance. The question is whether the countries of western Europe will permit the Bundesbank to impose slower growth of demand upon them, as a way of shifting resources from the west to the east of the continent. They may, instead, be forced to accept the depreciation of their real exchange rates, in order to alleviate the domestic economic consequences of the shrinkage of the West German bilateral surpluses with themselves. If so, the issue of nominal exchange rates will return, but in the most difficult possible context: the presence of a strong commitment to exchange rate stability and the absence of exchange controls.

Japan's role in Europe

FOR A COUNTRY which has been widely criticised for taking too timid a role in world affairs, Japan has responded with uncharacteristic decisiveness to events in eastern Europe. The intriguing question is whether its energetic initiatives there could lead to a broader and more fruitful relationship with western European governments as well.

Mr Toshiki Kaifu, Japan's Prime Minister, clearly intends to use his seven-nation European tour, which begins in Bonn today, to emphasise his country's determination to participate in the economic reconstruction of eastern Europe. This has already been signalled by its participation in the recent multilateral loan package for Poland, and Mr Kaifu is expected to offer further bilateral aid when he visits Warsaw and Budapest.

In part, this forthright approach reflects self-interest. Japan's industries are thinly represented in eastern Europe, and its government wants to ensure that they are better positioned to exploit commercial opportunities there.

Mr Kaifu, for his part, has an eye on next month's Japanese general election. With public interest in eastern Europe running strongly in Japan, his visit presumably offers an opportunity to increase his standing at home by projecting himself as an international statesman.

Technology transfer

However, it would be churlish to dismiss Japan's initiatives simply as self-serving gestures. As one of the world's two most important providers of capital, Japan is an excellent position to help provide eastern Europe with the funds it desperately needs. More important still, as representatives of what is many respects the world's most advanced industrial nation, Japanese firms can contribute much to economic reconstruction by way of technology transfer, manufacturing investments and management skills.

None the less, the prospect of an expanded Japanese presence on its doorstep may still arouse alarm in the EC. Some will doubtless argue that in practice Japan's commitment to eastern Europe will be limited to purchases of raw materials and the establishment of "screwdriver" plants, which take advantage of low labour costs to under-cut western industry without putting much back into local economies.

However, that view may under-estimate the lesson Japan has learned from the failure of its attempts to establish an industrial base in China. That experience painfully underlined the dangers of concentrating narrowly on commercial opportunities in undeveloped foreign markets, to the exclusion of the wider political and social environment. Mr Kaifu's explicit support for eastern Europe's reform movements suggests an awareness that Japan needs to broaden its interpretation of self-interest, by identifying itself more whole-heartedly with the welfare of countries in which it has an economic stake.

Policy test

The test of its policy towards eastern Europe will lie in its ability to forge links which contain a substantive political dimension. That may be difficult, given Japan's geographic remoteness and diplomatic inexperience. Furthermore, most eastern European countries' partner of choice is likely to remain the EC, whose prosperity and political and social values inspired their revulsion against totalitarianism.

Hence, logic would suggest that in the longer term Japan can best play a positive role in eastern Europe by concerting its efforts closely with those of the Community. That will require a radical change in the mistrustful relationship between Japan and the EC, which has long consisted largely of ill-tempered exchanges on a narrow range of trade matters.

That is no way for two of the world's leading economic powers to conduct their affairs, and contrasts with recent US efforts to upgrade relations with the Community. If Mr Kaifu's visit succeeds in laying the basis for a more mature and constructive dialogue, it will have contributed not only to eastern Europe but also to a long overdue improvement in co-operation in the industrialised world.

Kevin Brown reports that the world shipping industry, now emerging from financial straits, faces the problem of replacing the bulk of its fleet

Coming to terms with the ageing process

For more than a decade, many of the world's shipowners have given little thought to anything more ambitious than survival. Many have not made it, among them famous names such as US Lines and Norway's Reksten group. Others, such as Sanko Steamship in Japan, and the Hong Kong giants Orient Overseas Holdings and Wah Kwong Shipping, survived only after painful restructuring.

Now things are changing. Most of those who stayed in business believe the worst is over, largely on the evidence of a gently rising trend in freight rates over the last three years, combined with optimistic forecasts for oil consumption and world trade. "There is light at the end of a long tunnel," says Mr Hans-Jakob Kruse, chairman of Hapag-Lloyd, the biggest West German shipowner.

Shipowners have had their first chance in years to assess their general financial health. That reveals the industry's other big problem: how to raise up to $20bn a year for the next 10 years to replace its main asset – the ageing world fleet.

The industry's problems date back to the oil price shock of 1973, which followed a boom in speculative orders for a new breed of supertankers – ships of more than 250,000 tonnes deadweight, known in the industry as very large or ultra large crude carriers (VLCCs and ULCCs). The second round of oil price rises in 1978 sealed the shipowners' fate. The volume of oil cargoes fell by 40 per cent between 1979 and the trough of the depression in 1985. The slowdown in world trade which followed led to significant surplus capacity and falling rates in both the dry bulk market, which transports commodities such as grain, coal and iron ore, and the container sector, which mostly carries finished goods.

The recovery began in mid-1986, when demand for crude oil was stimulated by prices as low as $8 per barrel. The upward trend has continued in spite of the reactivation of laid-up tankers, and has spread to the dry bulk and container sectors. According to Fearnleys, the Norwegian shipbrokers, the effective daily rate for an average VLCC has improved from around $9,000 in 1987 to around $18,000 last month (although the 1989 average was only just over $13,000). But even the December rate is still not enough to finance replacement costs and a reasonable return on capital. Dr Martin Stopford, senior shipping economist at Chase Manhattan Bank, estimates that this would require a daily rate of around $29,000, which is still far from being achieved.

The effect of this shortfall in earnings, which has been much greater at times during the past 15 years, has been that few new ships have been ordered, in spite of the cheap credit offered by many shipbuilders, often backed by government subsidies. As a result, the average age of the world fleet has been increasing rapidly.

According to Lloyd's Register of Shipping, the London-based ship inspection organisation, the percentage of vessels which are less than 10 years old has fallen from 62 per cent to 36 per cent in a decade. Almost three-quarters of the world tanker fleet is more than 10 years old, and the average age is around 14 years. Since the normal lifespan of a ship is usually calculated at 20 years, this means that a large proportion of the world fleet will require replacement during the 1990s, simply to maintain the existing capacity, and without taking into account the need for extra tonnage to cope with increased oil consumption and trade.

Not replacing this tonnage would be unthinkable – around 98 per cent of world trade by volume, and about 80 per cent by value, is carried by sea, and very little of it could be transferred to airlines. Renovation work could extend the life of some ships by up to five years, but that is controversial for safety and environmental reasons, and would only postpone the day of reckoning, not avoid it.

The precise cost of fleet renewal will depend on what happens to world trade, and whether oil consumption – mostly supplied via the long haul shipping routes from the Middle East Gulf to Europe, North America and Japan – increases by around 1 per cent a year as forecast. But most forecasts put the cost of replacement between between $12bn and $20bn a year for 10 years. Where is the money to come from?

Many banks were badly hurt during the long recession, and as one financier points out, shipping has "a banking popularity second only to Third World debt." Even if the banks were prepared to finance the investment through ship mortgages, there is a growing body of opinion which believes that this would simply perpetuate the industry's problems.

The International Maritime Industries Forum suggested in a recent report on the financing of the industry that the core of the problem lay in the reluctance of most shipowners to accept outside equity capital because of the fear of losing control of their companies. Despite the size of the industry and its importance to the global economy, shipping stocks account for less than 1 per cent of the capitalisation of most stock markets.

The percentage of vessels which are less than 10 years old has fallen from 62 per cent to 36 per cent in a decade

The effect of this has been to force the highly capital intensive shipping industry to accept levels of debt well above that considered prudent in most other mature industries.

A ratio of 50 per cent of senior debt to total capital is regarded as conservative in shipping, and 80 per cent is common. The combination of very high debt and volatile revenues has inevitably led to financial instability. The obvious way to overcome this problem is to increase the ratio of equity to total capital by attracting outside investors.

The major private shipping groups have so far shown little inclination to go down this road, although American President, Gotaas-Larsen and OMI Corporation have raised cash through issues of convertible preferred stock or subordinated notes in New York, and there have been successful share offerings by Carnival Cruise Lines and Stolt Tankers and Terminals.

However, most of the attempts to attract equity have fallen into two other categories:

● Asset funds. These offer investors the chance to make capital profits on second hand ships, whose value tends to rise as freight rates go up. Generally, they either ignore operating revenue or treat it as incidental. Some have been very successful, including Anangel-American Shipholdings, quoted in Luxembourg and the New York Nasdaq exchange; B + H Bulk Carriers, quoted in New York, and Bulk Transport, formerly quoted in Luxembourg, but recently taken over by Bergesen, the Norwegian shipping group.

Mr Peter Stokes, managing director of Maritime Consultants, and a founder of Bulk Transport, says the common factor for these three companies was that they initially purchased at the bottom of the market, when ships in reasonably good condition could be bought for little more than their scrap value. The price paid by for Bulk Transport by Bergesen represented a compound annual return to the original investors of 45 per cent.

Many other asset funds have been launched in the last couple of years, mostly in New York, and mostly with a built in "closing date" when the articles of the company require it to be wound up and the assets distributed among the investors. Few of the asset funds have developed into continuing operating companies, although Argonaut and Consordia Maritime, spun off onto the Stockholm exchange by the Salen and Stena groups respectively, remain in business.

"The important point to bear in mind about these stock market trends in Scandinavia, as well as the flotation in New York of a series of self-liquidating shipping investment trusts, is that the investor has generally looked at the purchase of shares as a surrogate for direct investment in ships," says Mr Stokes. "There has been little emphasis on investing in shipping businesses, valued by reference to a combination of earnings, dividend yield, net worth and quality of management, but rather in ship prices."

The asset funds have demonstrated that investors can be interested in shipping, but the capital gains magic is unlikely to continue to work as the market recovers, and the amounts raised are in any case small – about $500m in New York, for example, which is less than the annual turnover on VLCCs and ULCCs in Norway alone.

● Partnerships, usually designed to attract small investors by offering significant tax advantages. Denmark and West Germany, with its so-called "doctors and dentists" funds, have developed such partnerships, but the largest source of capital has been the so-called K/S partnerships in Norway. Mr Anders Ingebrigtsen, senior vice-president of Norway's Christiania Bank, recently estimated that K/S partnerships had raised $1.1bn from non-shipping sources.

Like the asset funds, however, partnership funds have tended to concentrate on profits in the second-hand market. They are unlikely to be able to provide capital on the scale needed for worldwide fleet renewal.

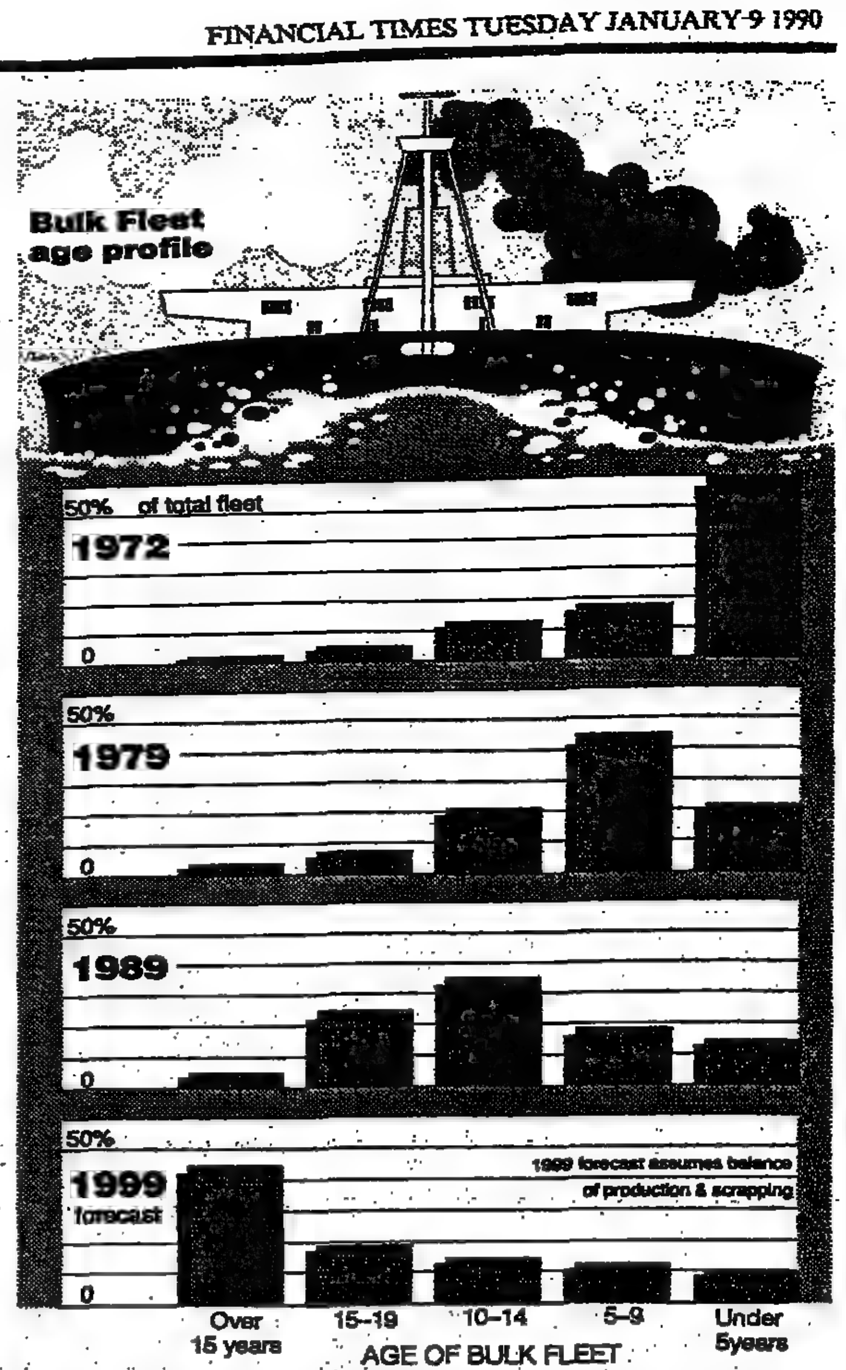
In addition to these two sources of finance, there has been an influx of money into shipping from outside sources, beginning with the purchase of tankers by Loews Corporation of the US, and followed by the purchase of Gotaas-Larsen for $670m by the Barclay brothers of the UK; and a joint venture between Anders Wilhelmsen of Norway and the US Pritzker family to acquire Royal Admiral Cruises for $800m.

All these developments indicate that equity capital is available for shipping, in the right circumstances. But the key to raising the huge amounts of capital required for fleet replacement will be profitability, and that depends on improved freight rates. Dr Stopford calculates that the freight rate for a VLCC to repay its capital will rise to between $40,000 and $60,000 by the end of the 1990s, based on a forecast for inflation in shipbuilding costs of between 3 per cent and 6 per cent a year.

His view is that a two-tier charter market will soon start to develop in which long-term guaranteed revenue would be available to finance the cost of new ships, while older tonnage would compete for business at cheap rates on the spot market. This scenario is based on the view that the ageing world fleet represents a strategic risk to the long-term survival of major shippers of cargo, such as oil companies and steel makers, which would be strangled by a lack of serviceable ships to carry raw materials.

"The reality of this risk is already filtering thorugh to corporate boards, and it seems to me only a matter of time before the major industrial shippers act to protect their interests by placing long-term timecharters with quality shipowners and ordering ships for their own account," he says. "If the shippers are not prepared to pay the required rates then the shipping industry ought to register right now as a charity."

Some Japanese shipowners are already building new ships against the security of income from medium to long-term charters with Japanese companies. This marks a return to practices which operated successfully for much of the 1950s and 1960s. If this system could be expanded so that the world's basic transportation needs were secured by period charters then shipping might in future be able to avoid the traumas of fluctuating rates which have so badly damaged it in the past.



Source: Fearnleys World Bulk Fleet/Chase Global Shipping Economics

OBSERVER

The national lampoon

■ Mr Francis Fukuyama is about to become quite a rich State Department official, since he is rumoured to have been paid anything from $250,000 to $680,000 for the book rights to his much-discussed article on the End of History. Meanwhile Mr Richard Lederer, a Washington schoolteacher, has been circulating a brief history of the world compiled from local high school and junior college examination answers, now published in the Washington Times. It suggests that the end comes not a moment too soon.

We start with the Renaissance, which "was an age of great inventions and discoveries... Gutenburg invented the Bible. Another important invention was the circulation of the blood. Martin Luther was nailed to a church door for selling papal indulgences. He died a horrible death, being excummunciated by a bull. During the Renaissance America began... discovered by Christopher Columbus while cursing about the Atlantic. Sir Francis Drake circumcised the world with a 100-foot clipper . . . "

British history: "The government of England was a limited mockery. Henry VIII found walking difficult because of an abbess on his knee. The greatest writer was William Shakespear. He never made much money. He lived at Windsor with his merry wives, writing tragedies, comedies and errors . . . The sun never set on the British empire because the British empire is in the East . . . "

American history: "George Washington married Martha Curtis, and in due time became the Father of our Country . . . Abraham Lincoln's mother died in infancy, and he was born in a log cabin which he built with his own hands. As President, he wore only a tall silk hat. He emasculated the slaves. On April 14 1865 he went to the theatre and got shot in his seat by one of the actors in a moving picture show. The believed assassin was John Wilkes Booth . . . this ruined Booth's career."

The industrial revolution: "The invention of the steamboat caused a network of rivers to spring up. Cyrus McCormick invented the McCormick raper, which did the work of a hundred men. Louis Pasteur discovered a cure for rabbis, Madman Curie discovered radium, and Karl Marx became one of the Marx Brothers." Which is where Mr Fukuyama came in.

Black humour

■ We might as well continue in the same vein with another one. An Englishman, a Frenchman and a Russian, in the pursuit of happiness, empty the bottle and discover the genie. Asked a wish, the Englishman declares that he wants a nice bungalow on the White Cliffs of Dover exactly like his neighbour, John. The Frenchman, typically, is less interested in equality. He requests a villa in the south of France overlooking the sea just a little bit better than his neighbour, Jacques. The Russian's ambitions are modest. "My neighbour," he says," has a pig. I want you to kill it."

Close observers of the genre will have deduced that this is a Russian joke (it was told in Leningrad last week.) This column is not sure if it is funny, but thinks it is not as good as the early glasnost tale, unfortunately not repeatable in full here, but available on request, about Andropov, Stalin, Kruschev and Bardot. It perhaps lacks the political sophistication and cynicism of a reader's suggestion; that any country in eastern Europe wanting to carry democracy and powersharing to a logical conclusion might consider renaming itself Warholia, with each president to govern for 15 minutes.

"What's the curse for blinding an albatross?"

Jakes jokes

■ Still, public humour is blooming all over eastern Europe, nowhere more rapidly than in Czechoslovakia. This is as it should be because Czechs themselves have long been the butt of Polish humour, just as the Poles used to be on the receiving end of every body else's before Walesa. However, most of that evident on the walls of Prague is still internally directed.

As Havel's election for president became probable, the posters depicting him in open necked shirt and sweater were replaced by new ones with him wearing a jacket and tie. Like a good politician, he strode the middle ground – a smart black overcoat but trousers distinctly on the short side.

At the same time, the sharply satirical invective against the Communist Party leaders was gradually replaced by gentle boasting of success: a cartoon showing a teacher and pupils in a classroom appeared with the inscription: "Miss, you don't have to lie to us any more."

When the hardliners, headed by Jakes, were expelled from the Communist Party, a poster appeared in the underground: "We demand the re-instatement of Jakes and Co to party membership – we do not want them among the ordinary citizens".

Another cartoon about the elections to be held later this year, shows a man holding a severed hand above his head, saying: "We don't need other people's hands to vote for us."

Uplifting

■ There has, of course, been a long history of fine satire in South Africa. This had not conspicuously penetrated the governing classes. Botha, Vorster and Verwoerd were not known for glittering wit.

Nor has been F W de Klerk, the new President, hard though he has been working to give the country's image a facelift. Few had realised how literally, and indeed personally, he was taking his task until the weekend disclosure that, in the interests of the "new South Africa," his wife, the First Lady, has had her permanently unhappy expression removed surgically, on the advice of the "experts," possibly the same people who have evidently persuaded her husband that he should not be photographed drinking or smoking.

She said the furrow in her brow was the result of extreme sensitivity to light, which caused her habitually to screw up her eyes in avoidance. "It was not my intention to improve my looks or to rejuvenate my appearance," she insisted. "It was not a facelift." When it comes to a new South Africa, every bit helps.

Jurek Martin

British Rail privatisation

Removing the politicians from the driver's seat

By David Sawers

British Rail has been a plaything of politicians in the 40 years that it has been in public ownership, and their intervention in its affairs provides the strongest argument for the privatisation of the railways.

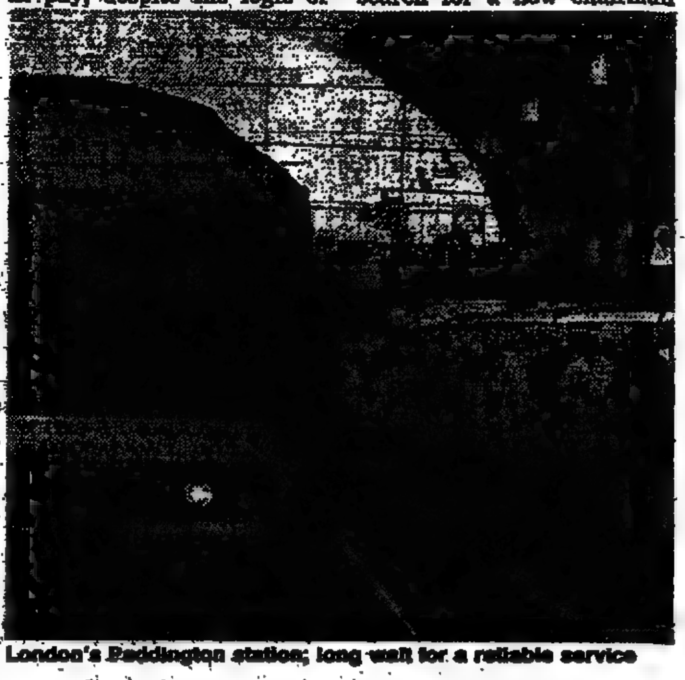
The most common concerns of politicians have been to keep down fares and pay while avoiding the closure of the less economic lines. These concerns have become no weaker. Even now that BR has been given more commercial objectives for its operations, politicians may veto its attempt to fulfil them by increasing fares or pay.

The managers of BR must envy the relative certainty about Government control and freedom of commercial decisions which the privatised monopolies, British Telecommunications and British Gas, now possess with their independent regulators. These industries know how much they can increase their charges every year, and that their regulating agencies will descend heavily upon them if their charges discriminate unfairly on some groups of users, or if the quality of their services deteriorates.

British Rail's managers may operate under a system that is nominally similar, in that they have financial targets and the Government has accepted its corporate plan in which increases in fares are forecast and standards of service are set. But ministers are still liable to step in if they think an increase will upset too many voters, or to interfere in pay negotiations if they want to persist with their "incomes policy" of limiting public sector pay rises. The quality standards have also proved less effective than travellers would wish; investment is needed to reduce overcrowding, but such expenditure has to be approved by the Government, and the few suppliers of rolling stock have been unable to increase output quickly.

The position of British Rail cannot change for the better until it is taken out of the public sector. The strongest argument for privatisation is that it would remove the railways from the direct control of the politicians, who will inevitably subject BR's management to their short-term political convenience. These interventions inhibit the effective management of the railway system, and have been responsible for many of BR's problems.

The preoccupation with low costs based on low pay has inevitably lowered the quality of BR's staff, especially in the prosperous south east where the busy services require the ablest employees. Governments cannot be blamed for all the regional staffing problems because the railway unions have opposed all attempts to introduce regional variations in pay, despite the logic of such differences.



London's Paddington station: long wait for a reliable service

The effects of low pay were well illustrated in the report on the crash at Clapham, where technicians were revealed to have been working seven days a week and without adequate supervision because there were not enough skilled employees to do the work. No business can be run efficiently and safely on such a basis; all the fine words about higher safety standards will be meaningless until BR pays its staff enough to obtain a sufficient number of competent people to run the railway without excessive overtime. At present, as travellers in south-east England know, BR is not paying enough to obtain the staff, especially the technical staff, it needs to run a reliable service. Higher pay will be needed nationally for technical employees and locally for all employees if BR is to operate a high-grade service.

The problem of quality is not limited to operating staff and technicians; it also affects managers. Decades in which managers have been poorly paid and been the butt of jokes have weakened BR's ability to recruit able staff, as the long search for a new chairman demonstrated. Public ridicule and political interference have also damaged the morale and motivation of BR's existing managers. Combined with the difficulty of recruiting engineers this must limit BR's ability to manage change – which it must be able to do if it intends to exploit the opportunities presented by the Channel Tunnel and by increased affluence within Britain.

In the short term, the only treatment for this weakness is recruitment; but potential recruits with experience of railways are limited to those who have worked for foreign railways, the few suppliers to BR, and the Government. The latter has proved the main source of senior managers, in a manner more familiar in France than in Britain.

The long-term solution depends upon recruiting better trainees, especially engineers, from school and university, which requires pay, prospects and repute comparable with those of private sector business. One of the many tasks for the new chairman and chief executive will be to improve the image of BR among the brighter graduates of British universities, until they regard BR as an attractive alternative to a merchant bank. Such an improvement in BR's image may now seem improbable, but would be more easily produced if BR was out of Government control.

The need for greater independence and the continuing improvement in BR's finances make privatisation both more desirable and more achievable. The corporate plan suggests that the InterCity services could soon be earning a commercial return on assets, and that the services around London and south-east England could soon break even, if the Government permits the required increases in fares.

Privatisation could take BR out of the political arena, despite the Labour Party's opposition to this course. If privatisation provides BR with clear objectives, financial independence of Government for the majority of its services and a strong independent regulator, it would reduce the need and scope for Government intervention in its affairs. Faced with the realities of power and budgeting, a Labour Government might well accept such a situation and leave BR its independence. Privatisation might therefore prove a means of restoring a bipartisan policy towards BR, in practice until the present Government began reducing BR's subsidy – even though it has been applying the policies of Labour's own discussion paper on transport policy of 1976.

The author is an economic consultant.

FOREIGN AFFAIRS

Romanian goose, Iraqi gander

Edward Mortimer asks whether human rights are the exclusive birthright of Europeans

One of the less memorable international events of the Christmas season was a Euro-Arab conference held in Paris. Twelve foreign ministers from the European Community sat facing 20 or so of their counterparts from the League of Arab States. Advisers sitting behind them passed forward freshly deciphered telegrams from Bucharest, which travelled from hand to eager hand along the European side of the table. Finally the French foreign minister, who was in the chair, interrupted the proceedings to announce that Ceausescu had been overthrown. At this news the Europeans burst into a spontaneous round of applause. The Arab ministers, on their side, stayed silent and stony-faced.

Two morals could be drawn from this anecdote. One – favoured, I fear, by many Europeans – would be that enthusiasm for human rights and political freedom is a peculiarly European phenomenon, not shared by Arabs. The other, which I prefer, is that the Arab foreign ministers, representing regimes that have more in common with Ceausescu than with west European governments, saw his downfall as cause for fear rather than rejoicing. "There but for the grace of God," they may have been thinking, "go we."

The latter moral does not in fact exclude the former. Arab ministers might fear that their own regimes will prove as fragile as Ceausescu's, and their end as violent, without accepting that those who oppose them are inspired by any genuine thirst for democracy, still less that successor regimes would be freer or more democratic than the present ones.

If Romania succeeds in avoiding another dictatorship that will be, in part at least, because its people see themselves, and are seen by others, as "European," which has come to imply being part of a political and cultural as well as geographical entity, one characteristic of which is adherence to democracy and respect for human rights.

Arabs, of course, do not generally think of themselves as Europeans, and certainly are not thought of that way by others. In the past that did not stop European concepts of freedom and nationalism from sweeping through the Arab world, especially in opposition to European dominance. But perhaps not more than a handful of Arab intellectuals ever really judged their own personal freedom by European standards. To the people Islam has remained a more meaningful frame of reference.

Many Moslems would argue that Islam is no less compatible with democracy and human rights than is Christianity. Others say that these concepts are western imports which must be rejected because they detract from the absolute sovereignty of God and His Law, as revealed in the Koran. It is this latter school of thought, to a greater or lesser degree encouraged by the revolution in Iran, that tends to be in the forefront of opposition to Arab regimes.

One of the reasons why, so far, this school of thought has had an easy time of it is that the West seldom acts or even speaks as if it believed that human rights and democracy, although supposedly "universal" values, were applicable in practice to that section of the human race which speaks Arabic and/or professes Islam. This double standard is particularly flagrant in Iraq's case.

Perhaps only a handful of Arab intellectuals ever judged their freedom by European standards

Nicolae Ceausescu was an enlightened ruler and a man of exemplary modesty by comparison with Saddam Hussein, president of the Republic of Iraq, commander in chief of the armed forces, chairman of the Revolutionary Command Council, general secretary of the Regional Command of the Arab Baath Socialist Party, chairman of the Supreme Agricultural Council, chairman of the Supreme Council for the Compulsory Eradication of Illiteracy, knight of the Arab nation, hero of national liberation, the new Nebuchadnezzar, the daring and aggressive knight, the Leader-President, the Leader-Struggler, whose painted cutout figure, often fluorescent, towers over the entrance to every Iraqi village.

Ceausescu began a programme of destroying villages in the supposed interests of efficiency. Saddam has destroyed hundreds in the supposed interests of security. Former colleagues and subordinates of Ceausescu who had disagreed with him, and in some cases signed open letters criticising his policies, emerged during the revolution from house arrest or internal exile to organise the new regime. But ministers and party colleagues who fall out with Saddam are usually executed within hours.

Ceausescu instituted an omnipresent and deeply feared security police, and ordered it to fire on the crowds in a last desperate attempt to save his regime. But in Iraq for the last 20 years of Baathist rule the whole population has been forced to live in fear of arbitrary arrest and torture. The bodies of executed people are returned to their relatives in sealed coffins, for which they have to pay but which they are not allowed to open. The whole system of government is described and analysed in a chilling book published last year under the apt title Republic of Fear*, by an Iraqi expatriate scholar using the pseudonym Samir al-Khalil. But many of the abuses have also been documented by Amnesty International, which last year published a special report on the way that children in Iraq have often been arrested, tortured, and even executed, as a way of putting pressure on their relatives.

Ceausescu did his best to isolate his country and its people. Saddam Hussein waged aggressive war, causing the deaths of hundreds of thousands of Iraqis and Iranians. He used chemical weapons, both against the Iranian enemy and against his own Kurdish subjects. He has developed long-range ballistic missiles, acquiring control of Western companies with expertise in militarily useful technology, and subverting Western banking regulations to overcome restrictions on credit. His megalomania is a threat to all his neighbours, and to world peace. But through fear, complacency, or *raison d'état* the rest of the world treats him as a legitimate head of state and a good man to do business with. His hostility to Iran, like Ceausescu's independence from Moscow, has won him undeserved favour in the West.

Unlike Ceausescu he has not yet been given a knighthood or invited to stay at Buckingham Palace. But British ministers visit Baghdad to offer government-backed commercial credit, and British arms manufacturers throng to the Baghdad trade fair. No minister publicly urges the Iraqi armed forces to overthrow the regime, as Mr William Waldegrave did those of Romania; still less has Mr Waldegrave designated the British embassy in Baghdad a source of support for the opposition, as he did in Bucharest. On the contrary, Iraqi opposition leaders who reach this country are firmly refused appointments even with junior officials, on varying pretexts – the latest being that contact with them might adversely affect the fate of Mrs Daphne Parish, a British nurse, and Mr Farzad Bazoft, a London-based journalist, who were arrested in Iraq last September after Mr Bazoft, in Iraq at the government's invitation, had tried to investigate an explosion at an Iraqi military-industrial complex where hundreds of workers were said to have died.

Which amounts to saying that foreign governments, if they wish to deter Britain from maintaining contact with their opponents, can do so by arresting British subjects and holding them hostage. Would it not be preferable to admit now that Saddam's regime is an abomination, and that any Iraqi brave enough to struggle against it deserves at least our moral support?

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LETTERS

The best hope for UK unemployment

From Alan Carruth and Andrew Oswald.

Sir, Your editorial of December 18 ("Pay, Prices and Jobs") hit two nails on the head.

First, you recognise that productivity-related pay is often bad for the economy and that having a going rate of pay typically is good for it. Most policy makers, and some bargainers, apparently believe the reverse. They are wrong. Imagine that a widget-making factory experiences, through an invention, a doubling of productivity. Should their labourers, accountants and lathe operators have their pay doubled? No. Economic efficiency requires that people in equivalent jobs across different industrial sectors not experiencing technical productivity gains should, in a growing economy, get the same rate-of-pay increase as elsewhere. Those who rail against a going rate of wage rises are preaching economic inefficiency.

Second, wage inflation is set to rise through 1990. But we expect that in 1991 your necessary "strong downward pressure" will begin. Our research suggests that three influences on pay movements are crucial – profits, house prices and unemployment. The first will soon fall fast; the second has already done so. Lower unemployment will work against the resulting downward forces on wages, through current macroeconomic policy may leadto a rise in joblessness in 1991.

Britain's best hope is that falls in profits and house prices will dampen pay pressure enough to make unnecessary a large rise in unemployment. But sanguine we are not.

Alan Carruth (Kent, UK),
Andrew Oswald (Dartmouth, USA),
Keynes College,
The University,
Canterbury,
Kent

Help for the new Poland

From Henry Owen.

Sir, Your editorial ("How to help Poland", December 28) manages the seemingly difficult task of addressing this subject without once mentioning the principal source of that aid. The annual loans to Poland projected by the World Bank add up to more aid than is now pledged to Poland by any other country or institution. A close second is the International Monetary Fund's projected aid.

Provision of these two types of aid depends on action by the industrial countries to replenish these Bretton Woods institutions in 1990.

Henry Owen,
Co-Chairman,
Bretton Woods Committee,
1616 H Street, NW.,
Washington, DC

ECGD plea

From Viscount Caldecote.

Sir, You reported recently that the Government intends to raise the premiums payable to the Export Credits Guarantee Department Project Group for insurance of capital goods exports. British manufacturing industry has great expertise in tendering for major capital projects, but the risks are often high and tough competition prevents big margins and potential rewards commensurate with the risks.

It is surely crazy for ECGD to increase premiums and so discourage growth in this field. There much to be said for the Government taking a substantial share of such risks on behalf and in the interests of us all.

Caldecote,
House of Lords, Westminster

BR finds a champion

From Dr C.G. Hinde.

Sir, Imagine my surprise: having decided to record a full year's commuting times on British Rail to demonstrate the unacceptable delays, I found the reverse! At this point I should emphasise that I am neither in the pay of BR nor, at this stage, do I intend investing in its eventual privatisation.

Of course, Paddock Wood-London (scheduled journey time 47 minutes) can hardly be taken as the accepted median journey within the UK, but it can, perhaps, be taken as typical of Network SouthEast. In any event I found that of my 424 trips last year (363 hours spent on trains), 41 per cent arrived on time (within one minute), 36 per cent within five minutes (BR's accepted "on time" I believe), 17 per cent less than 15 minutes late and 6 per cent later than this. The average delay was 4.3 minutes (3.4 minutes if the 10 journeys which were delayed by more than 25 minutes are excluded).

Although there is clearly room for improvement, the picture is far from hopeless. Over 40 per cent of the delays occurred in the final quarter of the year, mainly from problems which should not be beyond the wit of man to solve (frozen points and the dreaded "square wheels" of autumn). Meanwhile, my annual average delay of 9 per cent seems tolerable.

C.G.Hinde,
Upper Fowle Hall,
Queen Street,
Paddock Wood,
Tonbridge, Kent

Life in a kiosk

From Mark Chaplin.

Sir, Mr Bob Cooper (Letters, January 3) paints an idyllic picture of extensive livestock rearing, which may be true of sheep farming in Cumbria. However, many animals are reared intensively in very different conditions.

The minimum space required for each hen in a battery cage is smaller than a piece of A4 paper, and in human terms is roughly equivalent to life in a phone kiosk.

Mark Chaplin,
Oakley Court,
Mill Road,
Royston, Herts

Panamanian democracy: the rights and wrongs of intervention

From Mr D.L. Bethlehem.

Sir, Justinian's opposition (January 2) to the view put forward by the Director of the Cambridge Research Centre for International Law that the US acted within the law in intervening in Panama "in support of the democratic process" ignores the essence of the argument. This is stated by the proposition that, at the invitation of the legitimate authority in the state concerned, a third state may lawfully intervene in support of the right of the people to determine their own political destiny.

This view gains a measure of support from the judgment of the International Court in the case of Nicaragua v US where the court indicated that a prohibited intervention was one which was coercive of the free choice of political, economic, social and cultural system by the state concerned. The implication is that while intervention to stifle free choice is unlawful, intervention for the purpose of safeguarding that choice may be legitimate.

In the Panamanian context, fair elections, won by Mr Endara and subsequently annulled by General Noriega, constituted a denial of the right of the people to choose freely their political and economic system. The request by Endara for US support satisfies the requirement for an invitation by the legitimate authority of the state concerned.

As with any doctrine licensing the use of force, some danger for international stability is apparent. The question is whether that danger can be adequately contained by clear legal principle and whether, in the light of those principles, the potential cost is acceptable to the international community, given the benefit to be achieved. The answer must in both cases, I believe, be in the affirmative.

Four other propositions can be drawn from both good sense and related areas of the law:

- that no other avenue is available under the law to the deprived people ;
- that the use of force is a measure of last resort;
- that the use of force does not exceed the wrong it is designed to remedy and that it does not outweigh the benefit it is sought to achieve;
- that the use of force is limited in its objectives in both scope and time.

The intervention in Panama would, I suggest, meet these conditions, as would have, prima facie, any intervention by the Soviet Union in Romania in recent weeks. Conversely, the Suez intervention or the Soviet intervention in Czechoslovakia in 1968 would be categorised as unlawful.

D L Bethlehem,
Queen's College,
Cambridge

FINANCIAL TIMES
Tuesday January 9 1990

Comecon ministers face double trouble

John Lloyd sees today's Sofia meeting as vital to the trading partnership's future

THE meeting of Comecon premiers and other ministers in Sofia, Bulgaria, due to begin today, may be among the most significant of its four decades. It certainly *should* be.

For the organisation faces two sets of interlocking crises: a technical and efficiency one and a political and ideological one.

The first is well known over the past decade. Declining technological standards and productivity rates huge indebtedness in Poland and Hungary and, more recently, the Soviet Union, and large surpluses denominated in the unusable "convertible" rouble by Czechoslovakia, Hungary and Yugoslavia (an associate member) against the Soviet Union have caused increasing strains.

So too, has the relative backwardness of the non-European members – Cuba, Mongolia and Vietnam; and the inexorable decay of the five-year planning process in all of these countries.

A large, and relatively unexamined, cause of the last of these factors is one to which Mr Vaclav Klaus, the Czechoslovak Finance Minister, referred in an article published in the Financial Times last month: the slipping of control from the formerly all-powerful central planners to the enterprises, as the latter sought to exert leverage over the centre and to construct their own network of relationships.

The economies, thus, are not so much centrally planned as centrally stifled: and so efforts to plan trans-nationally have tended simply to raise the problems to higher levels, even as the official gloss on Comecon's activities was that it had adopted a strategy of accelerating the integration of the economies.

WORLD TRADE: volume changes, 1986-89
(Percentage change from previous year)

	1986	1987	1988	Jan-June [illegible]
EXPORTS				
Developed market economies	1.4	5.4	8.0	10.0
Developing countries	8.9	11.1	11.0	6.5
European centrally planned economies	5.1	2.3	4.4	-1.3
Eastern Europe	0.3	1.2	3.6	-1.2
Soviet Union	10.0	3.3	4.6	-1.5
Total above	3.6	6.5	8.4	8.1
IMPORTS				
Developed market economies	8.2	6.5	7.8	8.9
Developing countries	-4.4	5.7	10.2	8.4
European centrally planned economies	-0.3	0.2	3.5	1.2
Eastern Europe	5.5	1.8	3.0	-0.1
Soviet Union	-6.0	-1.6	4.0	2.7
Total above	4.7	5.8	6.0	8.1

Source: UN Economic Commission for Europe, Vol 41, October 1989

Hungary, Poland and Czechoslovakia should form a market-oriented inner circle as a step to reform Comecon, Hungarian Deputy Prime Minister Peter Medgyessy said yesterday, Reuter reports from Budapest.

He proposed that the three nations should seize the chance to replace an "obsolete" Comecon with a new form of cooperation.

He said Comecon had paralysed competition and held back technological development.

"The dramatic changes in Eastern Europe over the past two years have brought the unique opportunity for these countries to reform their relations according to their national interests and conditions."

The second crisis has matured only in the past few months, and will lend the meeting a particularly urgent character.

In all the European members with the partial exception of today's host – Bulgaria – Communist administrations have been replaced in the past half-year by Governments whose majority may still be formally Communist, but whose ideological orientation, varies between midly social democratic and neo-liberal.

Therefore, while the formal agenda is composed of the imminent integration of the five year plans the matter of price formation in Comecon and the period within which prices must be set will only be tangentially related to it.

All of the countries want "deep structural changes," – but for some, this is a thin euphemism for wanting Comecon to wither away, sooner or later.

Mr Klaus, in an interview with a Warsaw paper last week, was quoted as calling for the end of the system: a call he later denied.

But whether he made the call or not, he and his government colleagues believe Comecon to be unreformable: a view shared by the Hungarians and the Poles.

The position of the Romanians and the East Germans is less clear: they have put the sharpest brakes on the system's reformers until now (and since it works on the basis of unanimity, they have succeeded), and they will not now play that role.

But Romania at least will be terribly dependent on Soviet energy supplies, and unlikely to be in the van of reform: while East Germany's economic and political fate will be so closely bound up with West Germany as to reduce its effectiveness within Comecon.

Bulgaria's "deep perestroika" has only just begun, and it is not yet likely to break the habit of deference to all things Soviet – the more so since it has just got back into step.

The three developing country members are in a weak, even a supplicant position.

Heavily dependent on Soviet aid in the cases of Cuba and Vietnam, their exports mainly agricultural or human they are in no position to innovate or propose.

The Soviet Union, the dominant member, is therefore surrounded by states which are at best sceptical of the benefits of its creation – as it is itself.

But there are two reasons why it is unlikely to see it melt away in Sofia this week.

First, the European states depend on the Soviet Union more than it depends on them.

All of the European members, the Soviet Union included, want to skew their economies towards the West: but the Soviet planners, while expressing sympathy, say that it must be done bit by bit, adding that if it is done individually and precipitously, the Soviet Union is in a better position to look after itself than the rest.

Second, the plans to put an increasing amount of trade on a hard currency basis, cautiously endorsed by the Soviet premier Mr Nikolai Ryzhkov in the Congress of People's Deputies last month, will not initially have much effect, because most Comecon trade is on a government-to-government, barter basis.

It will matter as the enterprises start trading with each other: but when they are released to do that, they would do as well to trade with the West in monetary terms and better to trade with the West in terms of technology.

The emerging Soviet line is that hard currency payments should be permitted but not prescribed.

The more radical states, however, are impatient.

The inventive Hungarian Foreign Ministry is now looking at the possibility of a free trade area linking Hungary with Poland, Czechoslovakia, Romania and Yugoslavia, while strengthening links with European Free Trade Association (EFTA) and the European Community.

How far this pent-up desire for change will flow out in Sofia cannot yet be known – but it will at least mark a start.

Problems threaten session, Page 5

THE LEX COLUMN

Dixons find a store of value

True to form, Dixons' full-year forecast raises as many arguments as it settles. On Dixons' version, the Kingfisher offer of 120p represents less than 11 times this year's earnings. Strip out exceptional and non-recurring items, and Kingfisher arrives at a multiple of 20. This is more strictly correct, but may not be relevant. The spare £10m which Dixons has discovered in its warranties business, for example, represents real cash to be paid out in higher dividends. It can also be repeated – with luck – for another couple of years, by which time the electricals market should be out of the trough.

Coincidentally, the unexpectedly good Christmas for the retail trade and the market's new-found optimism about the UK economy may be working Dixons' way. While the mood lasts, the share price might be sustainable at about 100p in its own right. This may not leave the fund manager much incentive to accept a final offer around the present level of 139p, rather than sit it out in hopes of an upturn in trading.

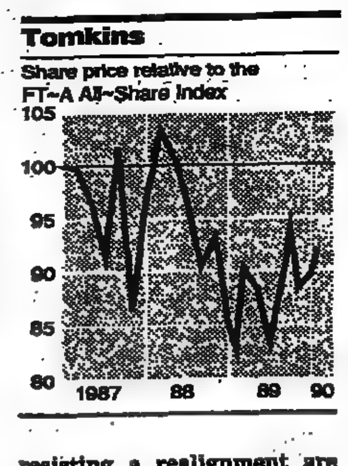
Conversely, it is not clear that Kingfisher would be justified in paying much more. Its emphasis on the target's shortcomings rather than its own plans confirms the suspicion that it might be pushed to perform better than the present management. Doubtless, an important part of the strategy is to exploit market dominance by pushing prices up. This will scarcely appeal to the Office of Fair Trading but the risk is that Kingfisher might succeed in convincing the OFT that the market will stay competitive, only to find it so in fact.

Currencies

Friday's lira adjustment was not enough to calm speculation that a general EMS realignment is overdue. The lower level of the lira's band was not altered at all; the "devaluation" only consisted of a shift between the central points of a 6 per cent and 2.25 per cent range. The central problem – West Germany's trade surplus with other EC members, estimated at about DM100bn in 1989 – has not been eliminated.

The Bundesbank has been pushing hard for a D-Mark revaluation and its monetary policy – a 4 to 6 per cent target range for M3 compared with expected GNP growth of 3.5 per cent this year – is extremely tight. Those countries, notably the French, which have been resisting a realignment are likely to suffer increasing balance-of-payments problems, especially as US, Japanese and UK exporters take advantage of the EMS bloc's strength. If trade pressure fails, a judicious half-point rise in interest rates by the Bundesbank could do the trick. Real French interest rates are already 8.5 per cent – a further rise would be a high price to pay for saving face.

Of course, these problems could be avoided if the D-Mark sheds its recent strength. Turmoil in the Soviet Union, or the prospect of a SPD-Green election victory could achieve that later this year. But in the short term, the fundamental support for the German unit was well illustrated yesterday when the D-Mark gained a pfennig against the dollar in London on the back of a long-expected prime rate cut. Twelve-month Euro-mark rates are currently over a quarter of a point higher than Eurodollar rates – and give investors an apparent risk-free choice.



Tomkins

There has been a mild re-rating of Tomkins' shares and there may be more to come; but the upgrading does not look likely to be dramatic. There are plusses: that the UK accounts for only 35 per cent of operating profits and that margin improvements are still to come from the Murray Ohio mower and bicycle business. But broadly-based though Tomkins is, it is still relatively small, at only £370m of market capitalisation. It is hard to see just yet that, as conglomerates go, its businesses have market positions dominant enough to justify a much higher rating for the shares than the 10.6 times expected 1990 earnings on which they closed last night.

Not that one can fault Tomkins' management, given yesterday's news of a 22 per cent increase in interim pre-tax profits to £23.3m. In spite of what looks like about £20m of net debt, Tomkins generated £550,000 of net interest income, a nifty piece of footwork. And it has already pruned down the bits of its fluid control business most exposed to a flat UK market.

Nor has Tomkins come a cropper in its acquisitions. Tomkins makes great play of Smith & Wesson's handgun order from the FBI. The point is to show that under Tomkins, Smith has overcome quality problems which caused its two important defeats by Beretta for the US Army's Colt 45 replacement. The snag is Smith & Wesson is typical of the Tomkins portfolio; a set of relatively stable, relatively well-entrenched businesses, but not individually strong enough to hold clear appeal to investors without some more deal-making by Mr Hutchings.

Thames Water

If Thames Water really wants to be taken seriously as the pace-setter among the UK's water utilities, it must try harder. As the first of the newly-privatised businesses to publish its interim results, Thames missed an opportunity yesterday to begin to differentiate itself from its smaller rivals. For the first time, it should have been able to say something positive about its business, free from the fear of upsetting the civil servants or the prospectus lawyers. Instead, it sounded just like any other public sector monopoly, keeping its comments to its 650,000 shareholders to a bare minimum and merely reiterating its confidence in meeting its earlier profit forecast – hardly a major management challenge.

If the others continue to be as reticent as Thames, then the stock market may begin to have some doubts about how far water shares should be chased. Clearly, the strength of the market since the water flotation, the partly-paid nature of the shares, plus rumoured and actual stake building, has contributed to the sector's outperformance. But there is less than half a percentage point difference now between the prospective yield on British Gas and Thames and this seems a rather high rating for a management which has yet to be tested in the private sector.

Japanese Prime Minister Toshiki Kaifu and his wife Sachiyo wave before boarding their aircraft for an 11-day, seven-nation tour of West and East Europe begining in Bonn today.

Romania ends first Securitate trial amid popular scepticism

By Judy Dempsey in Bucharest

THE FIRST trial of those who fought to preserve the former Ceausescu regime in Romania ended with a nine-year sentence for the as-yet unnamed accused yesterday amid growing popular concern that the planned series of tribunals may involve only a token number of the hated former security police, the Securitate.

The country's ruling Front for National Salvation yesterday empowered military tribunals to open proceedings against "terrorists" accused of defending the former regime, and Mr Aurel Munteau, a Front spokesman, said the first trial, of an undisclosed number, had begun in the central provincial capital of Sibiu.

With scepticism growing across the country over the process of bringing the secret police to justice, there are suspicions that senior Securitate officers remain at large. The Front has not yet disclosed how many had been arrested.

In the central Romanian town of Brasov the Front has detained only two Securitate officers. In spite of the harsh punishments meted out to hundreds of people who protested in Brasov in November 1987 against food shortages and energy price rises, the head of the Securitate and the head of the local Communist party remain free.

Brasov has been run as a mini police state, with those who led strikes at the Red Flag Truck Factory being arrested, while scores have been sent to internal exile. Others were given prison sentences and some disappeared amid speculation that they were killed by the Securitate.

General Ion Flora, Front leader in Brasov, said proceedings would begin once the Securitate files, at present sealed in Brasov, are opened. In Bucharest, the situation is confused.

It appears that because the Securitate was so large, and because the Communist Party had a membership of over 3.5m out of Romania's population of 22m, there is a growing consensus that many people had been "touched" by the Securitate. One Front member said: "Everybody is afraid to open the files."

Mr Dumitru Mazilu, one of the most radical members of the Front said: "There are simply too few impartial judges to try the Securitate."

W German trade surplus falls

By Andrew Fisher in Frankfurt

WEST GERMANY'S monthly trade surplus dropped by 19 per cent in November as imports grew more strongly than exports, but the surplus for the full year was still heading for a record, according to latest figures from the Federal Statistics Office.

With exports exceeding imports by DM124.7bn ($74bn) in the first 11 months of 1989 – 9 per cent more than in the same period of 1988 – the surplus for the full year should comfortably exceed the DM128bn of the previous year. In 1990, however, economists expect a slight downturn.

At a likely DM140bn, last year's trade surplus would be nearly double that of 1985. German exports have been propelled by vigorous demand from other European, mainly European Community, markets, a trend which has particularly benefited the capital goods sector. West Germany's trade surplus with the EC was probably around DM100bn in 1989, according to James Capel, the UK stockbrokers. This is double the level of three years ago.

Much of the demand for German engineering and other goods from countries such as the UK, Spain, and Italy has stemmed from industrial re-equipping by companies in advance of the single EC internal market. "German goods are bought very much on quality rather than price," noted Mr Nigel Rendell, an economist with James Capel.

In the January-November period, German exports rose by 15 per cent, compared with a 17 per cent rise in imports. For November alone, however, exports moved up by only 8 per cent, against 17 per cent for imports.

An official of the statistics office said there was no obvious reason for the difference in the November growth rates, which brought the surplus for the month down to DM10.6bn from DM13.1bn the year before.

The demand for consumer goods caused by the influx of refugees from Eastern Europe, and by the impact on personal incomes of wage rises and DM24bn of tax cuts, should push up imports further this year, economists believe. Thus James Capel estimates a decline to about DM135bn in the trade surplus.

Economic growth is also expected to drop somewhat this year, but by less than expected before the latest developments in Eastern Europe. Dresdner Bank estimates growth of some 3.5 per cent in 1990, with James Capel and London-based Robert Fleming Securities forecasting nearer 4 per cent. Preliminary figures for gross national product, to be released tomorrow, are expected to show expansion of just over 4 per cent in 1989.

"All the components of growth are going to be pretty strong this year," said Mr Rendell. "We pushed up our growth forecast when the Berlin Wall was opened."

Eventually, the opening up of Eastern Europe should also give West German exporters a further boost. But trade with the East starts from a very low base; in 1988, West German exports to Eastern Europe accounted for only 4 per cent of the total, against 54 per cent with Western Europe.

Leading US banks reduce prime rate to 10 per cent

Continued from Page 1

declined to follow its lead.

Since the turn of the year, banks' cost of borrowing has eased slightly and bankers have become convinced that the Fed's target for Fed Funds was indeed 8¼ per cent. Seasonal pressures had made the rate – at which banks lend reserves to each other overnight – highly volatile in recent weeks.

Yesterday's round of prime cuts was led by First Chicago and quickly followed by many other leading banks including Citibank, Continental and Morgan Guaranty.

Credit markets were little affected by the news with short term rates unchanged. Prices of long maturity Treasury bonds continued to ease after a weak opening. By early afternoon the Treasury's benchmark 30-year bond was off ⅛ of a point at 100¼ yielding 8.09 per cent. The prime cut did, however, give a psychological boost to stocks after they had opened weakly. The Dow Jones Industrial Average closed up 21.12 points at 2794.37 on moderate volume after being down some 11 points early in the session.

Equities are still labouring though under fears that fourth quarter corporate profits will turn out lower. Bonds are giving ground as hopes fade that the Fed will cut the Fed Funds rate by another ¼ of a point this month.

With inflation figures for January likely to edge higher because of the severe winter weather, most market participants believe the Fed is unlikely to ease policy before early February. The Fed unexpectedly added reserves to the market yesterday, pushing the Fed Funds rate down to 8⅛ per cent, but the move was seen as technical rather than the first hint of easier money.

●The Italian lira yesterday pased comfortably through its first day on foreign exchange markets following its realignment within the European Monetary System. The Italian authorities were content that the currency strengthened against most other EMS currencies.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	12	54	Dubrovnik	S	10	50	Malta	[illegible]	15	59	Rhodes	S	[illegible]	[illegible]
Algiers	F	16	61	Edinburgh	F	[illegible]	41	[illegible]	S	[illegible]	[illegible]	[illegible]	F	36	97
Amsterdam	C	7	45	Faro	S	14	57	Manila	C	30	86	Rome	[illegible]	10	50
Athens	S	10	50	Florence	C	[illegible]	[illegible]	[illegible]	F	22	72	Salzburg	S	-2	28
Bahrain	S	21	70	Frankfurt	C	[illegible]	[illegible]	[illegible]	—	—	—	San Francisco	—	—	—
Bangkok	F	33	91	Funchal	—	—	—	Miami	S	21	70	Seoul	F	[illegible]	[illegible]
Barcelona	F	12	54	Geneva	C	[illegible]	[illegible]	Milan	Fg	-2	28	Singapore	—	—	—
Beirut	—	—	—	Gibraltar	R	15	59	Montreal	F	-1	30	Stockholm	Dr	[illegible]	[illegible]
Belfast	F	5	41	Glasgow	F	5	41	Moscow	C	-2	28	Strasbourg	C	[illegible]	[illegible]
Belgrade	Sn	-9	16	Guernsey	[illegible]	11	52	Munich	S	-7	19	Sydney	C	20	68
Berlin	C	-1	30	Helsinki	R	[illegible]	[illegible]	[illegible]	S	25	77	Taipei	R	[illegible]	[illegible]
Biarritz	C	11	52	H. Kong	S	19	66	Naples	C	11	52	Tangier	F	16	61
Bombay	S	31	88	Innsbruck	S	-3	27	Nassau	F	29	84	Tel Aviv	S	[illegible]	[illegible]
Bordeaux	F	10	50	Inverness	C	[illegible]	[illegible]	New Delhi	C	11	52	Tenerife	[illegible]	20	[illegible]
Brussels	C	6	43	Islamabad	—	—	—	New York	C	2	36	Tokyo	[illegible]	[illegible]	[illegible]
Budapest	Sn	-9	16	Istanbul	F	[illegible]	[illegible]	Nice	C	15	59	Toronto	S	-3	27
B. Aires	F	[illegible]	[illegible]	Jakarta	R	[illegible]	[illegible]	Nicosia	S	15	59	Tunis	F	16	61
Cairo	F	17	63	Jersey	F	11	52	Oporto	S	11	52	Valencia	F	12	54
Cape Town	S	30	86	Jo'burg	C	19	66	Oslo	S	[illegible]	[illegible]	Venice	S	1	34
Caracas	[illegible]	25	77	Lima	F	25	77	Paris	C	5	41	Vienna	Sn	[illegible]	[illegible]
Casablanca	F	16	61	Lisbon	S	10	50	Peking	S	[illegible]	[illegible]	Warsaw	S	0	32
Chicago	S	-1	30	London	S	[illegible]	[illegible]	Prague	S	-10	14	Washington	C	1	34
Cologne	S	6	43	Los Angeles	S	10	50	Reykjavik	Sl	[illegible]	[illegible]	Zurich	[illegible]	[illegible]	[illegible]
Copenhagen	R	4	39	Luxembourg	Fg	0	32								
Corfu	S	[illegible]	[illegible]	Madrid	S	9	48								
Dallas	S	1	34	Majorca	C	13	55								
Dublin	S	[illegible]	[illegible]	Malaga	[illegible]	12	54								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Ford chief warns of world car glut

Continued from Page 1

Mr Poling said that 65 per cent of the $50bn US trade deficit with Japan was automotive, and the automotive-related share had increased in four of the last five years. Nearly 40 per cent of the $6.5bn US trade deficit with South Korea was also automotive-related.

In the US, where new vehicle sales dropped by around 6 per cent last year, all three domestic producers, General Motors, Ford and Chrysler were losing money on their core North American automotive operations in the third quarter of 1989.

Japanese car makers were now entering some of the US manufacturers' primary domestic markets for the first time, including luxury cars and fleet sales, as they shifted the emphasis of their attack to larger, more expensive and more profitable models, said Mr Poling.

The trend growth in the world automotive market was expected to be slow at around 2 per cent a year over the next decade compared with 3½ per cent in the 1980s.

Vehicle sales would increase by some 1.5 per cent a year in Europe and only one per cent a year in North America.

Around 60 per cent of the expected growth in car sales in the next 20 years would come from emerging markets, such as Eastern Europe and the Soviet Union, China, India and other Asian markets, where the leading automotive groups had little or no manufacturing presence today.

● Ford said yesterday that it would fit driver and passenger-side air bags as standard to North American cars from the mid-1990s, the first such move a by a US domestic car maker.

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INSIDE

Food for thought, but not for the people

If Nicolae Ceausescu had succeeded in delivering adequate supplies of consumer goods, especially food, to Romania's state-owned stores, he might be alive today. In what used to be called the Eastern bloc, it was empty shops, and the hours of queing for basic commodities, that lit the touchpaper of revolution. Communist regimes may disappear swiftly, but reform is a lengthy, tortuous process and an end to the shortages is not imminent. David Richardson, in his Farmer's Viewpoint, questions if any of the new governments can live up to the expectations of their peoples. Page 26

O'Reilly takes up crystal gazing

Mr Tony O'Reilly (left), chairman of the Heinz foods group, was yesterday reported to be negotiating a 30 per cent stake in Waterford Wedgwood, the troubled crystal and china manufacturer, through a cash injection by Fitzwilton, an Irish investment company. Waterford is having a hard time. Early last year it admitted "accounting errors" and an over-generous profit projection in its crystal division. The group's 1989 figures are expected to reveal an after-tax loss approaching I£20m. Page 18

Canadian glamour boy

Onex Corporation was once a glamour boy of Canadian business; after making a name for itself as Canada's master of the leveraged buy-out. Recently, the company, no stranger to diversification, took a controlling stake in Tate & Lyle's North American automotive business. Onex is confident about its latest move and the general thrust of its strategy. But while diversification may succeed in spreading Onex's risks, it has failed to impress the investment community. Bernard Simon reports. Page 20

Bravery in Europe's markets

A brave start to the 1990s by European stock markets just failed to offset declines in Japan and the US last week, and the World index began the new decade with a decline of 0.4 per cent. Reports that Mr Mikhail Gorbachev, the Soviet president, had cancelled all foreign diplomatic meetings, raised fears about domestic political instability. Partly in response, West German and Austrian markets began to ease after rises of 10.1 per cent and 21 per cent respectively between December 22 and January 3. Page 42

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Chief price changes yesterday

FRANKFURT (DM)

Rises			
Horten	269	+	9
Siemens	735.5	+	5.5
Thyssen	286	+	8
Falls			
Asko	850	−	20
Massa	344	−	14
Nixdorf	309	−	6.5

NEW YORK ($)

Rises			
Coca-Cola	$77\frac{1}{2}$	+	$1\frac{5}{8}$
Du Pont	$124\frac{7}{8}$	+	$\frac{3}{4}$
Falls			
American Brands	$68\frac{5}{8}$	−	$1\frac{5}{8}$
Liggett	$9\frac{7}{8}$	−	$\frac{1}{8}$
Loews	$120\frac{7}{8}$	−	$2\frac{7}{8}$
Philip Morris	[illegible]	−	$1\frac{1}{8}$

PARIS (FFr)

Falls			
BSN	749	−	16
CGE	533	−	18
Lafarge Coppee	389	−	4
Peugeot	797	−	5
ST Gobain	641	−	16
Thomson CSF	148	−	3.5

TOKYO (Yen)

Rises			
Kasai Kogyo	1100	+	100
Koito Mfg	3570	+	340
Komai Tekko	1510	+	130
Oye Kogyo	2300	+	200
Toyo Chemical	1250	+	170
Falls			
Wakachiku Cnst	2160	−	380

LONDON (Pence)

Rises			
Dixons	139	+	3
Dunhill	425	+	12
Ellis & Everard	238	+	8
MFI	255	+	6
Grand Met	647	+	9
Ladbroke	345	+	6
Legal & Gen	435	+	6
ML Hldgs	122	+	11
Rothmans	690	+	11
Royal Ins	548	+	8
Tomkins	295	+	2
Warburg (S.G.)	522	+	8
Falls			
Brit Airways	$228\frac{1}{2}$	−	$2\frac{1}{2}$
Brit Steel	$144\frac{1}{2}$	−	2
Burmah	665	−	10
Eurotunnel	663	−	20
Hawker Sidd	715	−	[illegible]
Higgs & Hill	434	−	14
Kingfisher	306	−	7
Laing (J.)	314	−	9
Rolls Royce	188	−	4
Shell	477	−	8
Specialeyes	22	−	7
Unilever	700	−	17

Bond bidder has $1 share capital

By Joyce Quek in Singapore

CALIFORNIA Pacific International (CPI), the Singapore parent company of the US-based Weatherby Investments, which is seeking to take over Mr Alan Bond's brewing, media and resources empire, was registered as recently as November 4 last year and has issued capital of just S$2 (US$1.05), local records show.

The two shareholders, named as Ooi Kooi-Tin and Han Kok-Kwang, appear to have no direct link with Mr Jeff Reynolds, the 28-year-old Texan who last Friday made public his interest in acquiring the Perth-based Bond Corporation Holdings and described himself as chairman of Weatherby and CPI.

Mr Reynolds also identified Mr Henry Chew Chin-Han as a director of CPI, yet the latest records from the Singapore Registrar of Companies show no such information. Mr Chew, 58, was a member of the Singapore Parliament for a short spell, and was a medical practitioner until he was struck off the rolls for malpractice several years ago.

Mr Chew said yesterday that he had been working for a few years with Mr Reynolds and had negotiated on his behalf with Mr Bond since last August.

He said agreement had been reached with Mr Bond a month and a half ago with an offer of A$250m (US$198.4m), adding that the original price discussed was more than A$1bn.

Last week Bond Corp's Australian brewing operations, which produce Swan, Castlemaine XXXX and Toohey's lager, were put into receivership at the instigation of bank creditors. The company is contesting the move. Mr Chew said that if outstanding court actions were satisfactorily resolved, he expected a deal to be sealed within a few days of that.

He added that, should Mr Reynolds succeed in acquiring the family stake through which Mr Bond owns more than half of Bond Corp, no general offer to acquire the rest of the shares would be made.

He said a waiver of this usual requirement would be requested, arguing that "an outside party taking over the Bond stake would help to get hostile parties off the company's back".

When asked why CPI, which has authorised capital of S$500,000, did not increase its issued equity, Mr Chew said that there was too little time to transfer funds from the US and that the required amount would be sent directly to Australia.

He did little to redress the marked lack of information about the group and the people involved in the takeover talks.

As an explanation, he said Mr Reynolds was a humble man who did not want the exposure, but that his group assets ranged from US$3.5bn to $6bn.

Mr Chew said he was regional managing director and held a 15 per cent stake. He had received his medical training in Australia and, according to both men, introduced Mr Reynolds to Mr Bond.

However, other reports yesterday alleged that the Texan and the Australian had never met.

Bond breweries, Page 18

Gregory Hutchings: reported profits ahead of City forecasts

Smith & Wesson helps Tomkins to rise 22%

By Ray Bashford in London

SMITH & Wesson, the US hand guns manufacturer, stood out among Tomkins' diversified industrial subsidiaries and provided the foundation for a 22 per cent increase in interim pre-tax profits.

Mr Gregory Hutchings, Tomkins' chief executive, yesterday announced a rise in the pre-tax figure for the six months to October 28 to £23.3m ($38.2m) from £19.1m, marginally ahead of the more optimistic City forecasts.

The result represented earnings per share of 9.37p (7.8p) and was capped with a rise in the interim dividend to 2.7p (2p).

Smith & Wesson, which was acquired in May 1987 for $112m (£70m), experienced buoyant conditions during the half, which resulted in a peak order backlog of 116,000 pistols and revolvers. Production was boosted to 6,000 arms a week to meet the demand and the backlog has been cut to 45,000.

The Smith & Wesson contribution was not stripped out. However, it was a strong influence on a 51 per cent rise in trading profits to £5.78m by one of the group's four divisions.

The introduction of a new range of pistols and improved manufacturing capacity allowed the company to strengthen its position during a period of intense competition.

Smith & Wesson's performance allowed Tomkins to lift the contribution to operating profits derived in the US to 45 per cent, while the UK generated a reduced 35 per cent.

Murray Ohio, the lawn mower and bicycle manufacturer, which forms the second leg of Tomkins' US operations, returned a "small profit" in the group's traditionally weaker half.

The second half upswing in the US lawn mower and bicycle market is expected to steer Tomkins towards a final pre-tax of £75m, compared with £55.1m in the previous 12 months.

The Tennessee-based company was purchased for $224m in August 1988 and was included for only three months in the results for the previous corresponding half and made a small loss.

With the inclusion of full-half figures from Murray Ohio, turnover in the professional and garden and leisure products sector jumped 124 per cent to £159m.

Group turnover advanced 54 per cent to £290m, although without the inclusion of Murray Ohio the figure was up only 13.4 per cent.

Lex, Page 18

Kingfisher attacks forecast by Dixons

By Maggie Urry in London

THE £568m ($939m) bid battle between the UK retailers Kingfisher and Dixons gathered pace yesterday. Dixons, which claims to be the largest specialist electrical retailer in the world, followed its weekend defence document with interim results, a full-year forecast and the promise of an 18.4 per cent rise in the annual dividend.

Equally speedily, Kingfisher – which owns the Comet electrical chain as well as Woolworth, B&Q and Superdrug – picked apart the Dixons forecast to come up with a much lower "sustainable" profit figure.

In the stock market, Dixons appeared to get the better of the argument; its shares closed at 139p, up 3p on the day and 19p above the 120p cash offer for Dixons' ordinary shares. Kingfisher's shares fell 7p to close at 306p.

Dixons surprised analysts with its forecast of pre-tax profits of at least £70m in the current year to April 30 compared with £78.4m in 1988-89 and £103.1m in 1987-88. Analysts had been expecting between £40m and £50m.

After good trading over Christmas and the new year, Dixons said it expected to make a £3m profit from its UK retailing activities for the full year, whereas analysts had been expecting that division to make a loss.

However, Kingfisher, reckoned that stripping out what it called one-offs and non-recurring items, the pre-tax profit figure for Dixons as a whole would be £49.8m. Mr Geoffrey Mulcahy, Kingfisher chief executive, said that this justified Kingfisher's concerns about the quality of Dixons' earnings.

While Dixons estimates current year earnings per share of at least 11p, on a 25.5 per cent tax charge, Kingfisher says that on its lower profit figure and a 35 per cent tax charge, earnings per share would be under 6p, meaning that the 120p offer is a multiple of over 20 times current eps.

Mr Stanley Kalms, Dixons chairman, argued that its profit forecast "demonstrated the resilience of the group in a particularly difficult period for our retail markets." He repeated his belief that the Kingfisher offer was "derisory." Mr Mulcahy used the Kingfisher analysis to argue that "the outlook for the business under the current management is distinctly bleak." He said he thought it unlikely that the bid would be referred to the Monopolies and Mergers Commission.

Dixons' interim pre-tax profits fell from £42m to £32m, on sales up 2.1 per cent to £909.9m.

Lex, Page 16; Details, Page 24

Thames Water interim tops £81m

By Andrew Hill in London

MORE THAN 600,000 small investors bought shares in Thames Water through last month's oversubscribed offer for sale, making up nearly 95 per cent of the new public limited company's shareholder register.

Thames is the largest of the 10 newly privatised companies and the only one to have joined the FT-SE 100 share index.

Yesterday it was also the first to reveal interim figures for the six months to September 30, unveiling pre-tax profits of £81.4m ($133m).

The other water companies will announce their interim results in the next seven days but the results will have only limited relevance for analysts and shareholders.

They will cover the period before privatisation and before a new capital structure was imposed on the industry.

The Thames figures are in line with the full-year pre-tax profit of £170m forecast in the sale prospectus.

Mr Roy Watts, chairman, said shareholders could have confidence in the forecast of a single, final, year-end dividend of 9.72p.

Thames's initial shareholder register contained between 650,000 and 700,000 names, of which about 615,000 had holdings of 500 shares or fewer. However, many might since have sold their allocations in early dealings, which have seen the shares rise to a premium of as much as 69p above the partly-paid offer price of 100p. Yesterday the shares slipped 3p to 158p.

"I'm pleased to have a big retail following, particularly if a lot of them are customers – they're likely to be the most loyal," Mr Watts said.

He said Thames was preparing for a large turnout of customer-shareholders at its annual general meeting to be held in July.

The group has booked London's Alexandra Palace, which can hold up to 7,000 people.

Thames said it would not issue any Section 212 notices to flush out the ultimate owners of nominee shareholdings. There had not been many substantial purchases of Thames shares since dealings began on December 12, Mr Watts explained.

He said there were no immediate plans to seek long-term financing through the bond market.

Thames's turnover was £297m in the six-month period and there was an extraordinary charge – split equally between privatisation, restructuring and pension costs – of £16.3m. Assuming the new capital structure had been in place at April 1 1989, Thames would have made £78.4m before tax, generating earnings per share of 20.41p.

● Separately, SAUR Water Services, a UK subsidiary of Bouygues, the French construction group, said it had no immediate intention of buying large stakes in the 10 new water companies. Mr John Stansby, chairman, said: "It's a possibility we can never exclude, but there are no specific plans at the moment."

He said future holdings would not be hostile and would almost certainly be combined with other agreements.

SAUR, one of three French water suppliers which have bought UK statutory water companies, is already involved in waste disposal joint ventures with two of the newly privatised PLCs – Southern and Welsh.

Lex, Page 18

Peter Woo ousted in shake-up at Hong Kong Cable

By John Elliott in Hong Kong

MR PETER WOO, a son-in-law of Sir Yue-Kong Pao, one of Hong Kong's leading business tycoons, has resigned from the chairmanship of the colony's new cable television consortium. The move is part of a top management shake-up aimed at reducing friction and clashes among the consortium's members.

Mr Woo, aged 43, is the chairman of World International and Wharf Holdings, Sir YK's main quoted companies. His wife Bessie is one of Sir YK's four daughters who will inherit different parts of the 71-year-old businessman's vast business empire through a series of family trusts.

Wharf has the largest stake, of 28 per cent, in Hong Kong Cable Communications, which is committed to capital investment of up to HK$5.5bn ($705m) under a government franchise won six months ago. Mr Woo has been operating as executive chairman since the consortium started preparing its bid more than a year ago. It is believed that other consortium members resented a domination of the project by Mr Woo and Wharf.

The changes will be seen in Hong Kong as a blow for the prestige of a key member of Sir YK's family. In an interview, Mr Woo did not deny suggestions that he had been asked to step aside. But he also said that the time had come to hand over to expert management and to demonstrate that the cable television operator was an independent concern, not dominated by any single company.

The board has now been reconstituted and Wharf has exercised its right to nominate the chairman by replacing Mr Woo with Mr Gerry Higginson, a former civil servant who runs several Wharf operations. Mr Higginson has taken over in a non-executive capacity.

Management control has passed to a new executive committee headed by Mr Alan Khoo, Hong Kong representative of Denver-based US West, one of the Baby Bells, which has a 25 per cent stake in the cable TV consortium and is providing the main technological expertise.

Sir Jack Cater, a former chief secretary of the Hong Kong Government, is joining both the board and a new executive committee as the representative of Shaw Brothers, the TV and films company which has a 10 per cent stake in Hong Kong Cable.

The two other partners are the local Kwok family's Sun Hung Kai Properties, with 27 per cent, and Coditel, a Belgian cable TV company, with 20 per cent.

The committee is looking for a managing director and a finance director.

Differences between consortium members are believed to have arisen over management style and detailed issues, such as the rent that Wharf wanted to charge the consortium for premises in central Hong Kong. Some members of the consortium are also believed to be unhappy that Mr Woo has not managed to attract other companies so that the original investors could reduce their stakes.

The consortium won the cable TV franchise six months ago in a tough fight with a group led by Mr Li Ka-shing's Hutchison Whampoa group.

Boesky investors get $248m pay-out

By Alan Friedman in New York

THE liquidator of CX Partners, the limited partnership investment fund created by Mr Ivan Boesky, the disgraced Wall Street arbitrageur, yesterday paid out $248m in cash to 46 partners including Guinness, the UK drinks group which was the largest single investor in the Boesky fund.

Guinness was given back just over one third of its original $100m investment, the biggest single amount in yesterday's deal. In London, Mr Bill Spears of Guinness said last night that the UK company "expects a further third of our investment over the next couple of years."

The investment, made under Guinness's previous management led by Mr Ernest Saunders, was made in May 1986 after Mr Boesky supported the UK company in its takeover battle for Distillers. The disclosure of the Boesky-Guinness link was the spark which led to Mr Saunders' departure.

Guinness is likely to treat any money received as an extraordinary credit: it made provision for the full $100m in its accounts for the 15 months to December 1986.

The CX settlement of $248m, which compares with a total of $338m of equity finance originally provided by the partners to Mr Boesky, is the most important step to date in resolving the disputes arising from Mr Boesky's conduct and from the winding up of the arbitrage fund.

The settlement, which is expected to be followed by further payments over the next two years, calls for the Boesky family to surrender all of its claims and equity interests in CX partners. In addition, CX and most of the limited partners have reached a separate accord with Drexel Burnham Lambert, the Wall Street investment bank that was caught up in the 1986 Boesky insider dealing scandal.

Under yesterday's accord, Drexel – which last September agreed to pay $650m in fines and restitution after pleading guilty to six felony counts of mail and securities fraud – is to receive a payment separate from the $248m settlement while giving up its own equity interests in CX Partners and related companies.

Payments to the Boesky investors were blocked in May 1988 by a US court ruling that stemmed from claims by the Boeskys and Drexel against CX. These legal claims have been dropped as a result of the settlement negotiated by Prof David Herwitz, a Harvard law professor who is the liquidating trustee.

Intel makes executive appointment

By Louise Kehoe in San Francisco

INTEL, the US microchip concern, yesterday announced a senior appointment in a first step towards the transition to a second generation of top managers in Silicon Valley's semiconductor industry.

The company named Dr Craig Barrett, 50, as executive vice-president with responsibility for internal operations.

Dr Andrew Grove, president of Intel, said he would spend more time on business and customer relationships in the next few years.

"Then we will add an externally focused counterpart to Craig in a couple of years. At that time I would plan to assume a less active role in the company's day-to-day operations," said Dr Grove.

He said there were several potential internal candidates for the second top management position at Intel. "We have a wonderful depth of management; I don't think we will be looking outside the company."

The management transition would be a "gradual, multi-year process," said Dr Grove. It would eventually lead to the replacement of himself as president and of Dr Gordon Moore as chairman.

Dr Barrett, a native of San Francisco, has been with Intel since 1974. Most recently, he was senior vice president and co-general manager of Intel's microcomputer components group, which produces the company's world-leading microprocessor chips.

Dr Barrett is one of a handful of senior Intel managers who have been considered likely candidates eventually to take over the chief executive post. However, Dr Barrett said he did not believe there had been overt competition for the job and did not anticipate any dissatisfaction among those who might have hoped to win the appointment.

Yesterday, Intel also announced the appointment of three group presidents to head its microcomputer, systems and embedded controller and memory chip groups.

Intel is the first Silicon Valley chip company to name a successor to its founding managers. Dr Grove participated in the founding of Intel in 1968 and has been with the company ever since.

● Tandem Computers has introduced a new range of computers that uses the Unix operating system. Tandem's move, along with the anticipated introduction this week of Unix-based workstations by Hewlett-Packard and a Unix supercomputer by Intel, signal a trend towards the wider use of the standard operating system, analysts said.

California-based Tandem, which is known for its fault-tolerant "nonstop" computers, said its Integrity S2 system would cost from $172,000 to $248,000. Capable of performing 12 million instructions per second, it is based on the R2000 chip from Mips Computer Systems and has three separate processors, allowing it to keep running if one fails.

"Buyers have tended to baulk at using Unix-based systems for mainstream business purposes because they couldn't count on the systems being up and running," said Mr Jeffrey Beeler, an analyst at Dataquest. "It appears that Tandem has done the best job of addressing reliability problems."

US group proposes takeover of Koor

By Hugh Carnegie in Jerusalem

IN A surprise twist in the saga of Koor Industries, the deeply indebted Israeli group, a Californian company controlled by Mr Roy Disney has offered to buy a controlling stake in the company.

Shamrock, a private investment company with interests in broadcasting, oil and retailing as well as in Walt Disney, has proposed taking over Koor as part of a comprehensive settlement of the company's billion-dollar debts which Koor has said it cannot pay.

It is understood that Shamrock's offer is to invest $200m in Koor on condition that this is matched by similar sums both by Israeli government investment and right-offs by Koor's creditors.

The Government has said it is considering the offer. It has also said that interest in acquiring Koor has been expressed by the Beizberg family, private Jewish investors from Canada and the US.

These unexpected developments came as the Government, the Histadrut Trade Union Federation which owns Koor and the company's domestic and foreign creditors were engaged in trying to reach agreement over how the group could be kept afloat.

Koor had requested large write-offs by its creditor banks and an injection of funds by the Government to bridge a gaping cash-flow shortage. Although the Histadrut had said it was prepared to give up some of its equity as part of a solution, the Government and the creditors were far from agreed on how to spread the burden.

According to the company's representative in Israel, Shamrock's president Mr Stanley Gould – also a Disney board member – came to Israel initially to look at some parts of Koor. Mr Gould then decided to formulate an offer for the whole group.

It was not clear last night how the various parties would react to the move, but the foreign creditors at least are likely to be sceptical about being asked, in effect, to subsidise Shamrock's purchase.

Ford 'considering sale of aerospace operations'

By Kevin Done, Motor Industry Correspondent, in Detroit

FORD MOTOR of the US, the world's second-largest automotive group, is considering the sale of its aerospace operations, according to US newspaper reports.

Mr Harold Poling, Ford deputy chairman and chief operating officer who takes over as chairman of the group on March 1, refused to comment on the reports, but admitted the outlook for the aerospace business was "difficult," especially in its defence operations.

The Ford aerospace and communications division, which won military and civilian orders worth around $2bn in 1989, derives more than two-thirds of its turnover from defence contracts. It is an important supplier of missiles, flight training technology and command, control, communications and intelligence systems, with an estimated annual turnover of $2.5bn out of a 1988 group turnover of $92.4bn.

There is growing concern among arms companies that the dramatic political changes in Eastern Europe, combined with the huge deficit in the US federal budget, could lead to a substantial reduction in US military spending.

In addition, all automotive groups are facing considerable challenges in the 1990s in funding rapidly increasing research and development and capital expenditure needs for new vehicle development.

These pressures are leading to increased concentration in the world automotive industry and Ford itself recently agreed to pay £1.6bn ($2.6bn) to take over Jaguar, the UK luxury car-maker.

Mr Poling said Ford was entering a period of consolidation and further acquisitions were unlikely. Resources would be concentrated on automotive operations and on financial services.

Mr Poling indicated that Ford was interested at a future date in increasing its 25 per cent equity stake in Mazda, its Japanese affiliate, which is playing an increasingly important role in Ford's global car development.

Banks try to stop Bond from selling breweries

By Bruce Jacques in Sydney

BOND Corporation Holdings was asked to sign a document preventing it from selling its breweries without bank approval just five days before the brewing unit was placed in receivership on December 29.

The short notice given by the banks was revealed yesterday in the Victorian Supreme Court by Mr Graeme Willis, an executive of National Australia Bank (NAB), under his second day of cross-examination by Mr Allan Myers, QC, counsel for Bond Corp. NAB leads the syndicate of bank creditors which made the move after Bond Brewing Holdings defaulted on an interest payment.

Mr Willis said his bank had for the previous seven months to obtain such an undertaking covering a disposal of the breweries, but did not actually seek it until December 24. But he denied that NAB had been "playing its cards close to its chest" to give the impression Bond Corp had been irresponsible in not signing the document before the court placed the breweries in receivership.

The court, which is hearing an application by Bond to have a receivership order lifted from its brewing business, was also told that NAB had purposely omitted a document when it applied for the receivership.

Mr Myers said Mr Willis should have included a document from Bond Brewing rebutting NAB accusations of "upstreaming" and "sidestreaming" more than A$300m ($250m) from the brewing arm to other Bond companies.

Mr Justice Beach, hearing the case, said last week the alleged shifting of money from Bond Brewing was one of his prime reasons for granting the receivership application.

But Mr Myers said the Bond Brewing letter disagreed with the bank's assertion and claimed that funds advanced from the brewing operations to Bond Corp had been offset by repayments.

Mr Willis also said John Labatt, the Canadian brewer, had once expressed interest in buying Bond's Australian brewing interests for between A$1.6bn and A$2bn.

● Bond Corp yesterday launched a separate legal action against the Western Australian State Government Insurance Commission seeking unspecified damages. This follows a court ruling in Perth last Friday rejecting the commission's attempt to put all of Bond Corp in receivership.

O'Reilly eyes 30% stake in Waterford Wedgwood

By Kieran Cooke in Dublin

MR TONY O'Reilly, chairman of the Heinz foods group, was reported yesterday to be negotiating to take a 30 per cent stake in Waterford Wedgwood, the Irish-owned glass and china manufacturer. The deal may come through a cash injection in the troubled group by Fitzwilton, an Irish investment company with a UK share listing.

Waterford said discussions were taking place "that may lead to a cash subscription for a major (but not controlling) interest" in its shares.

However, yesterday's Irish Independent, flagship of a newspaper group headed by Mr O'Reilly, gave prominent display to a report that Fitzwilton would be ready to pay I£70m ($45m) for a 30 per cent Waterford stake, or 39 Irish pence per share. In London, Waterford shares rose 4p to 57p.

Waterford Wedgwood, incorporating Waterford Crystal in Ireland and Wedgwood china in England, is experiencing difficult times. It is now expected 1989 figures will reveal an after-tax loss approaching I£20m. Group debt is now estimated to be more than I£140m.

Most of the group's troubles stem from its crystal division. Early last year it announced various "accounting errors" in the crystal division had led to a considerable overestimate of projected profits. A boardroom shake-up followed, with Mr Paddy Hayes resigning as Waterford's chief executive.

Philips raises net profit

PHILIPS, the Dutch electronics company, said its 1989 net profit had improved strongly from the previous year's Fl 1.06bn ($559m), Reuter reports.

Mr Cor van der Klugt, chairman, said in his New Year speech that net sales had improved by 2 per cent to Fl 57bn.

He said Philips had previously forecast operating profit substantially above that of 1988, but the level of extraordinary gains now allowed him to forecast that 1989 net profit would also be up steeply.

Full 1989 figures will be published on March 1.

Mr Van der Klugt said sales rose to Fl 57bn in 1989.

Solvay to increase spending

By Peter Marsh

SOLVAY, Belgium's biggest chemicals group and the 12th largest in Western Europe, plans a large rise in capital spending this year which underlines the expansionary mood in much of the European chemicals industry.

Details of the investments for 1990 are still under review by the company but are likely to involve a large increase on the estimated BFr28bn ($770m) spent by the company in this area in 1989.

Much of Solvay's strategy over capital spending is geared towards increasing its presence in relatively high-value parts of the chemicals business such as high-performance plastics for use in the motor and other industries.

The bullish investment plans also reflect a restructuring of Solvay's activities in West Germany, announced by the company in November. These changes should lead to a capital gain of some BFr30bn by 1993, largely due to lower tax charges, and much of this money will go towards fuelling the expansion.

Solvay's plans are following general trends in the European chemicals business, where many of the leading companies are boosting investments following the strong growth of the sector during the late 1980s.

According to projections from Cefic, the Brussels-based trade association for the European industry, capital spending by companies in Western Europe will be 2 per cent up this year on 1989's record spending of $23bn.

Solvay is the world's top producer of high-density polyethylene and is in third place in production of polyvinyl chloride (PVC) – both relatively low-value commodity plastics. It also makes polypropylene, another basic plastic, making it Europe's sixth-biggest plastics producer.

Solvay hopes to increase its output of higher-value plastics such as fluorinated polymers which have special properties in areas such as heat resistance and strength.

Electrolux sells BBM for SKr520m

By Robert Taylor in Stockholm

ELECTROLUX of Sweden, the world's leading white goods manufacturer, announced yesterday that it had sold its 100 per cent shareholding in BBM Invest, the building materials business, for SKr520m ($83.6m).

The buyer is Det Danske Traelastkompagni, the Danish building materials and timber products company. BBM Invest is the parent company of Beijer Building Materials Group.

Mr Anders Scharp, president and chief executive of Electrolux, said the merger would "create a powerful Scandinavian building materials trading group, offering the company opportunities for future growth greater than those available as a subsidiary of Electrolux."

The sale would also enable Electrolux to "concentrate to an even greater extent on its primary business areas."

The building components area of Electrolux is made up of a number of operations in the Beijer Building Materials Group, which had sales totalling SKr2.7bn last year and accounted for around 5 per cent of the company's total sales.

Group Precious Metal Mining Companies' Reports for the quarter ended 31 December 1989

All companies are incorporated in the Republic of South Africa

Driefontein Consolidated

Driefontein Consolidated Limited
(Registration No. 68/04880/06)

ISSUED CAPITAL: 204 000 000 shares of 50 cents each, fully paid.

	Quarter ended 31 Dec. 1989	Quarter ended 30 Sept. 1989	Six months ended 31 Dec. 1989
OPERATING RESULTS			
Gold – East Driefontein			
Ore milled (t)	692 000	720 000	1 412 000
Gold produced (kg)	5 925,8	5 760,0	11 685,8
Yield (g/t)	8,6	8,0	8,3
Price received (R/kg)	32 653	32 357	32 508
Revenue (R/t milled)	279,99	259,22	269,40
Cost (R/t milled)	142,93	134,21	138,48
Profit (R/t milled)	137,06	125,01	130,92
Revenue (R000)	193 756	186 640	380 396
Cost (R000)	98 908	96 632	195 540
Profit (R000)	94 848	90 008	184 856
Gold – West Driefontein			
Ore milled (t)	705 000	705 000	1 410 000
Gold produced (kg)	7 112,9	7 191,0	14 303,9
Yield (g/t)	10,1	10,2	10,1
Price received (R/kg)	32 817	33 281	32 548
Revenue (R/t milled)	331,50	329,75	330,62
Cost (R/t milled)	164,99	159,31	162,14
Profit (R/t milled)	166,51	170,44	168,48
Revenue (R000)	233 705	232 472	466 177
Cost (R000)	116 315	112 312	228 627
Profit (R000)	117 390	120 160	237 550
Reclamation plant — West Driefontein			
Tons treated (t)	425 600	—	425 600
Gold produced (kg)	245,4	—	245,4
Yield (g/t)	0,6	—	0,6
Revenue (R000)	8 125	—	8 125
Cost (R000)	4 542	—	4 542
Profit (R000)	3 583	—	3 583
FINANCIAL RESULTS (R000)			
Working profit: Gold and reclamation plant	215 821	210 168	425 989
Tribute royalties	1 176	506	1 682
Net mining revenue	216 997	210 674	427 671
Net sundry revenue (group)	13 482	20 485	33 967
Recovery under loss of profits insurance	—	1 258	1 258
Profit before tax and State's share of profit	230 479	232 417	462 896
Tax and State's share of profit	111 479	112 895	224 374
Profit after tax and State's share of profit	119 000	119 522	238 522
Capital expenditure	54 767	53 554	108 321
Dividend	152 600	—	152 600

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 December 1989 was R562,5 million.

DIVIDEND. A dividend (No. 38) of 65 cents per share was declared on 12 December 1989, payable to members on or about 7 February 1990.

SHAFTS

EAST DRIEFONTEIN

No. 5 Sub-Vertical Shaft-E. The shaft was sunk 55 metres to a depth of 1 494 metres below the collar. The excavation of 50 Level station and development to the waste pass position were completed. Development of the transfer level was commenced.

No. 1 Tertiary Shaft-E. 32 metres of the 72 metre headgear have been sliped. Civil work continues in the stage winder chamber and the installation of the rock hoist is in progress.

Production. Production was adversely affected by a fire which broke out on 21 November in a Main Reef stope to the west of the No. 1 Shaft complex. The fire has been sealed but 28 000 tons were lost in December and it is expected that production will also be affected during January.

WEST DRIEFONTEIN

No. 9 Sub-Vertical Shaft-W. Development of the station layouts on 22 and 25 Levels, and the excavation of winder chambers on 21 and 22 Levels continues. The raiseboring of rock passes between 21 and 25 Levels is in progress.

RESIDUE DUMP RETREATMENT. The reclamation plant was commissioned during October and is now operating at full capacity.

On behalf of the board

R. A. Plumbridge, M. J. Tagg } *Directors*

8 January 1990.

Northam

Northam Platinum Limited
(Registration No. 77/03282/06)

ISSUED CAPITAL: 28 800 000 shares of 1 cent each, fully paid.

	Quarter ended 31 Dec. 1989	Quarter ended 30 Sept. 1989	Six months ended 31 Dec. 1989
Pre-production Mine Development Expenditure (R000)			
Capital expenditure	45 640	32 770	78 410
Net income after tax	3 684	4 730	8 414
	41 956	28 040	69 996

All income and expenditure has been capitalised as pre-production mine development expenditure.

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 December 1989 was R632,2 million.

SHAFTS

ZONDEREINDE

No. 1 Shaft-Z. The shaft was sunk 13 metres to a depth of 1 751 metres below collar. The excavation of 8 Level station and development to the rock pass positions were completed. The reef and waste passes between 7 and 8 Levels were raisebored. A backfill dam in the Intermediate Pump Chamber (IPC) was excavated and a start was made on the installation of pumping equipment.

No. 2 Shaft-Z. The shaft was sunk 20 metres to its final depth of 1 822 metres below collar. The excavation of 9 Level station and of the pump chamber was completed. The equipping of the shaft commenced from the bottom.

METALLURGICAL PLANT. Work continues on the construction of the smelter complex and the base metal removal plant. The shield of the stack has been completed. The installation of flues within the shield will commence after the Christmas recess.

Village. Contracts have been awarded for a further 181 houses and good progress is being made.

On behalf of the board

M. B. Forsyth, M. J. Tagg } *Directors*

8 January 1990

Kloof

Kloof Gold Mining Company Limited
(Registration No. 64/04462/06)

ISSUED CAPITAL: 121 100 000 shares of 25 cents each, fully paid.

	Quarter ended 31 Dec. 1989	Quarter ended 30 Sept. 1989	Six months ended 31 Dec. 1989
OPERATING RESULTS			
Gold			
Ore milled (t)	540 000	540 000	1 080 000
Gold produced (kg)	6 822,5	6 912,0	13 734,5
Yield (g/t)	12,6	12,8	12,7
Price received (R/kg)	32 751	33 356	32 932
Revenue (R/t milled)	414,45	414,90	414,67
Cost (R/t milled)	186,96	188,70	187,83
Profit (R/t milled)	227,49	226,20	226,84
Revenue (R000)	223 804	224 046	447 850
Cost (R000)	100 962	101 899	202 861
Profit (R000)	122 842	122 147	244 989
FINANCIAL RESULTS (R000)			
Working profit: Gold	122 842	122 147	244 989
Net sundry revenue	9 188	7 098	16 286
Profit before tax and State's share of profit	132 030	129 245	261 275
Tax and State's share of profit	19 514	21 522	41 036
Profit after tax and State's share of profit	112 516	107 723	220 239
Capital expenditure	86 508	80 462	166 970
Dividend	72 660	—	72 660
Issue of debentures	—	35 425	35 425

CAPITAL EXPENDITURE

(a) The unexpended balance of authorised capital expenditure at 31 December 1989 was R735,2 million.

(b) Included in the total of capital expenditure for the quarter ended 31 December 1989 is an amount of R55,4 million in respect of Leeudoorn.

DIVIDEND. A dividend (No. 40) of 60 cents per share was declared on 12 December 1989, payable to members on or about 7 February 1990.

SHAFTS

KLOOF

No. 4 Sub-Vertical Shaft-K. The shaft was sunk 260 metres to a depth of 598 metres below collar.

LEEUDOORN

No. 1 Shaft-L. The shaft was commissioned for the hoisting of men, materials and rock.

No. 1 Sub-Vertical Shaft-L. Sinking of the shaft continued from surface and was sunk 121 metres to a depth of 401 metres below collar. The shaft has reached 29 Level where the changeover to sinking from underground will commence. The erection of the manwinder continued and the installation of the rockwinder commenced.

On behalf of the board

M. J. Tagg, M. B. Forsyth } *Directors*

8 January 1990

Venterspost

Venterspost Gold Mining Company Limited
(Registration No. 05/05652/06)

ISSUED CAPITAL: 20 200 000 ordinary shares of 25 cents each, fully paid.
4 800 000 deferred shares of 25 cents each, fully paid.

	Quarter ended 31 Dec. 1989	Quarter ended 30 Sept. 1989	Six months ended 31 Dec. 1989
OPERATING RESULTS			
Gold			
Ore milled (t)	415 200	405 000	820 200
Gold produced (kg)	1 526,1	1 488,7	3 014,8
Yield (g/t)	3,7	3,7	3,7
Price received (R/kg)	32 593	32 255	32 426
Revenue (R/t milled)	119,99	118,79	119,40
Cost (R/t milled)	119,73	126,95	123,30
Profit/(Loss) (R/t milled)	0,26	(8,16)	(3,90)
Revenue (R000)	49 818	48 112	97 930
Cost (R000)	49 711	51 416	101 127
Profit/(Loss) (R000)	107	(3 304)	(3 197)
FINANCIAL RESULTS (R000)			
Working profit/(loss): Gold	107	(3 304)	(3 197)
Net sundry revenue	267	695	962
Recovery under loss of profits insurance	1 300	3 403	4 703
Profit before tax	1 674	794	2 468
Tax	(326)	1 977	1 651
Profit after tax	2 000	(1 183)	817
Capital expenditure			
Old mine	1 382	529	1 911
No. 4 Shaft Project	11 991	7 814	19 805

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 December 1989 was R92,4 million.

DIVIDEND. The interim dividend was passed.

PRODUCTION. On 18th September a fire was discovered in a Ventersdorp Contact Reef stope on 30 Level in the No. 3 Tertiary Shaft area. The fire was contained and normal stoping operations in the affected area were resumed 15 days later. As a result of the fire the tonnage milled for the quarter was 4 800 tons below the planned milling rate. A provisional payment in respect of a claim for the consequent loss of profit has been received.

Because of the decline in the real price of gold over the past year and the resultant increase in the operating pay limit, it has become uneconomic to mine at the rate of 140 000 tons per month. Accordingly it has been decided to reduce the mill rate to 130 000 tons per month from January 1990. This will be reviewed periodically.

No. 4 SHAFT. The shaft was sunk 183 metres to a depth of 270 metres below collar. A pump and cable pocket at 267 metres below collar was excavated and lined. The installation of pumps is in progress.

The haulage on 10 Level from No. 1 Sub-Vertical Shaft towards No. 4 Shaft advanced 428 metres to 1 839 metres and is now 54% complete. The installation of water doors is in progress.

A start was made on the development of 24 Level haulage from No. 1 Sub-Vertical Shaft towards No. 4 Shaft and 109 metres were achieved.

RIGHTS OFFER. Shareholders' attention is drawn to the press announcements on 29 December 1989 and 8 January 1990 regarding the rights offer of linked units to shareholders, as well as to a further announcement on 10 January 1990. A circular containing full details of the offer will be posted to shareholders on 19 January 1990.

On behalf of the board

M. J. Tagg, M. B. Forsyth } *Directors*

8 January 1990

Libanon

Libanon Gold Mining Company Limited
(Registration No. 05/08381/06)

ISSUED CAPITAL: 40 000 000 shares of 20 cents each, fully paid.

	Quarter ended 31 Dec. 1989	Quarter ended 30 Sept. 1989	Six months ended 31 Dec. 1989
OPERATING RESULTS			
Gold			
Ore milled (t)	435 000	435 000	870 000
Gold produced (kg)	1 801,1	1 958,1	3 759,2
Yield (g/t)	4,1	4,5	4,3
Price received (R/kg)	32 651	32 318	32 468
Revenue (R/t milled)	135,27	145,78	140,53
Cost (R/t milled)	132,28	134,07	133,18
Profit (R/t milled)	2,99	11,71	7,35
Revenue (R000)	58 844	63 415	122 259
Cost (R000)	57 545	58 323	115 868
Profit (R000)	1 299	5 093	6 391
FINANCIAL RESULTS (R000)			
Working profit: Gold	1 299	5 092	6 391
Net sundry revenue	1 991	1 856	3 847
Profit before tax and State's share of profit	3 290	6 948	10 238
Tax and State's share of profit	949	747	1 696
Profit after tax and State's share of profit	2 341	6 201	8 542
Capital expenditure	4 225	9 806	14 031
Dividend	4 000	—	4 000

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 December 1989 was R47,6 million.

DIVIDEND. A dividend (No. 78) of 10 cents per share was declared on 12 December 1989, payable to members on or about 7 February 1990.

On behalf of the board

M. J. Tagg, J. G. Hopwood } *Directors*

8 January 1990

Doornfontein

Doornfontein Gold Mining Company Limited
(Registration No. 05/24709/06)

ISSUED CAPITAL: 40 000 000 shares of 25 cents each, fully paid.

	Quarter ended 31 Dec. 1989	Quarter ended 30 Sept. 1989	Six months ended 31 Dec. 1989
OPERATING RESULTS			
Gold			
Ore milled (t)	390 000	390 000	780 000
Gold produced (kg)	2 065,2	1 967,3	4 032,5
Yield (g/t)	5,3	5,0	5,2
Price received (R/kg)	32 472	32 315	32 396
Revenue (R/t milled)	172,13	163,23	167,68
Cost (R/t milled)	163,09	160,33	161,71
Profit (R/t milled)	9,04	2,90	5,97
Revenue (R000)	67 134	63 662	130 796
Cost (R000)	63 607	62 530	126 137
Profit (R000)	3 527	1 132	4 659
FINANCIAL RESULTS (R000)			
Working profit: Gold	3 527	1 132	4 659
Net sundry revenue	1 786	1 935	3 721
Profit before tax and State's share of profit	5 313	3 067	8 380
Tax and State's share of profit	869	762	1 631
Profit after tax and State's share of profit	4 444	2 305	6 749
Capital expenditure	8 447	9 745	18 192

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 December 1989 was R64,2 million.

DIVIDEND. The interim dividend was passed.

On behalf of the board

M. J. Tagg, B. A. Day } *Directors*

8 January 1990

Vlakfontein

Vlakfontein Gold Mining Company Limited
(Registration No. 05/06155/06)

ISSUED CAPITAL: 6 800 000 shares of 20 cents each, fully paid.

	Quarter ended 31 Dec. 1989	Quarter ended 30 Sept. 1989	Six months ended 31 Dec. 1989
OPERATING RESULTS			
Gold – Droogebult			
Ore milled (t)	54 654	52 203	106 857
Gold produced (kg)	155,5	148,9	304,4
Yield (g/t)	2,8	2,9	2,8
Price received (R/kg)	32 594	32 378	32 387
Revenue (R/t milled)	92,33	92,58	92,45
Cost (R/t milled)	83,64	89,37	86,12
Profit (R/t milled)	8,69	3,21	6,05
Revenue (R000)	5 046	4 833	9 879
Cost (R000)	4 571	4 664	9 235
Profit (R000)	475	169	644
Gold – Surface sources			
Ore milled:			
from surface dumps (t)	77 944	66 076	144 020
from outside sources (t)	77 402	91 721	169 123
Total milled (t)	155 346	157 797	313 143
Gold produced (kg)	152,5	146,5	299,0
Yield (g/t)	1,0	0,9	1,0
Price received (R/kg)	32 394	32 378	32 387
Revenue (R/t milled)	31,85	30,13	30,98
Cost (R/t milled)	32,02	30,70	31,35
Profit/(Loss) (R/t milled)	(0,17)	(0,57)	(0,37)
Revenue (R000)	4 947	4 755	9 702
Cost (R000)	4 974	4 845	9 819
Profit/(Loss) (R000)	(27)	(90)	(117)
FINANCIAL RESULTS (R000)			
Working profit: Gold	448	79	527
Net sundry revenue	316	227	543
Profit before tax and State's share of profit	764	306	1 070
State's share of profit	2	6	8
Profit after tax and State's share of profit	762	300	1 062
Capital expenditure	326	305	531

CAPITAL EXPENDITURE

(a) The unexpended balance of authorised capital expenditure at 31 December 1989 was R2,1 million.

(b) The expenditure for the quarter ended 31 December 1989 relates mainly to Droogebult.

DIVIDEND. The interim dividend was passed.

DROOGEBULT. At Droogebult development of the decline below 4 Level and footwall drive development on 1, 2, 3 and 4 Levels is continuing.

SALE OF DROOGEBULT. Shareholders' attention is drawn to the press announcement on 5 January 1990 regarding the sale of the Droogebult mining title and operation to Nigel Gold Mining Holdings Limited ("Nigel") with effect from 1 January 1990.

REDUCTION IN TONNAGE TREATED. From January the tonnage treated from surface sources will reduce by approximately 20 000 tons per month because of the reduction in payable sources of surface material. Furthermore, as from January, Vlakfontein will continue to treat approximately 18 000 tons per month from Droogebult on behalf of Nigel. Once this arrangement terminates the mill throughput at Vlakfontein will further reduce by this amount.

On behalf of the board

M. J. Tagg, B. A. Day } *Directors*

8 January 1990

Deelkraal

Deelkraal Gold Mining Company Limited
(Registration No. 74/00160/06)

ISSUED CAPITAL: 99 540 000 shares of 20 cents each, fully paid.

	Quarter ended 31 Dec. 1989	Quarter ended 30 Sept. 1989	Six months ended 31 Dec. 1989
OPERATING RESULTS			
Gold			
Ore milled (t)	405 000	405 000	810 000
Gold produced (kg)	2 379,9	2 389,5	4 769,4
Yield (g/t)	5,9	5,9	5,9
Price received (R/kg)	32 778	32 271	32 524
Revenue (R/t milled)	192,79	190,87	191,83
Cost (R/t milled)	119,30	121,47	120,39
Profit (R/t milled)	73,49	69,40	71,44
Revenue (R000)	78 079	77 302	155 381
Cost (R000)	48 317	49 196	97 513
Profit (R000)	29 762	28 106	57 868
FINANCIAL RESULTS (R000)			
Working profit: Gold	29 762	28 106	57 868
Net sundry revenue	5 434	5 257	10 691
Profit before tax and State's share of profit	35 196	33 363	68 559
Tax and State's share of profit	2 998	2 703	5 701
Profit after tax and State's share of profit	32 198	30 660	62 858
Capital expenditure	19 923	17 232	37 155
Dividend	24 885	—	24 885

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 December 1989 was R236,0 million.

DIVIDEND. A dividend (No. 14) of 25 cents per share was declared on 12 December 1989, payable to members on or about 7 February 1990.

No. 3 SHAFT. The shaft was sunk 156 metres to a depth of 772 metres below the collar. Water bearing fissures intersected in the shaft continue to hamper progress.

No. 3 SUB-VERTICAL SHAFT. Development of the station layout on 9 Level continues. The access raise to 8 Level was completed and development on 8 Level was commenced.

On behalf of the board

M. B. Forsyth, M. J. Tagg } *Directors*

8 January 1990

GOLD FIELDS OF SOUTH AFRICA LIMITED

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INTERNATIONAL COMPANIES AND FINANCE

Pension funds tackle GM over performance

By Anatole Kaletsky in New York

US PUBLIC pension funds are expressing disappointment with the performance of General Motors, the country's biggest private employer, and are resuming their efforts to intervene in the company's management policies.

In letters to GM's directors, the public retirement systems of New York and California *have called on the board to* provide information about the selection of a successor to Mr Roger Smith, GM chairman, who is due to retire in August.

The pension funds have also asked the GM board to consult with them and other institutional shareholders about the *policies and objectives to be set* for the company's top management in the years ahead.

The move, which appeared to be backed by several other state pension managers with substantial stakes in GM, revived memories of a clash between institutional shareholders and GM's senior management three years ago.

This followed the company's decision to buy out Mr Ross Perrot, a *dissident director* and leading GM shareholder, for $700m in order to remove him from the board.

The request to be consulted about a new chairman was an extremely unusual one for US institutional investors. US institutions do not generally expect board representation or seek direct communication with directors. Wall Street believes that such contacts are not conducive to independent and objective decision-making by investment managers.

When a company fails to perform to the shareholders' expectations, investment institutions are generally expected to sell their shares or support a *takeover*, rather than communicate their concerns directly to the company's board.

In recent years, however, the public sector pension funds have become more active in their attitudes to corporate managements.

In part this has been a *response to political concerns* about the social implications of some of the policies being pursued by US corporations. GM has recently announced layoffs in California and New York.

Spokesmen for the New York and California pension systems said that their letters to GM expressed concern about the company's dramatic loss of market share in the past five years, as well about GM's disappointing financial performance.

"There seems to be agreement among the people we talk to that this American institution is going downhill fast and we are paying for it," said Mr Richard Copus, general counsel of the California Public Employees Retirement System.

Sweet deal turns Onex stock sour

Bernard Simon on the mix of interests held by a Canadian group

ONEX Corporation, the Toronto management company, is no stranger to diversification. The company recently took a controlling *stake in a North American* automotive business owned by Tate & Lyle, the UK sugar group. It already had investments in packaging, airline catering, a courier service, leasing, food processing and construction materials.

Onex is confident about its latest move and the general thrust of its strategy, however, its penchant for diversification has its critics.

It *paid* C$210m (US$182m) for 80 per cent of Automotive Industries of Virginia. The search for new pastures is not over. It put up C$25m of its own for the group, leaving it C$100m for investment.

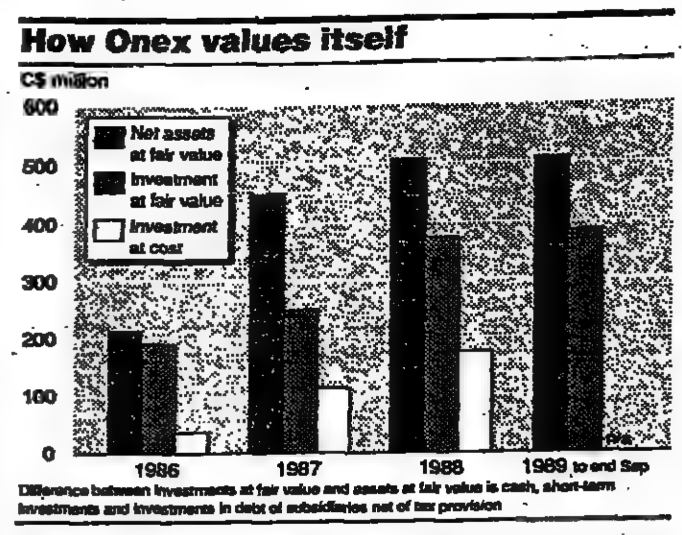
While diversification may spread Onex's risks, the investment community *is not* impressed.

Three years ago, Onex was a glamour stock of Canadian business, after making a name for itself as Canada's master of the leveraged buy out.

Mr Gerald Schwartz, Onex's chairman, once worked in New York with the founders of Kohlberg Kravis Roberts. He was seen as one of a new breed of bold, imaginative and well-connected Canadian businessmen.

He is still the chief fundraiser for Canada's Liberal Party. Mr Schwartz controls 60 per cent of Onex through holdings of multiple-vote shares, and its appeal to investors was reflected in the enormously successful response to its first

How Onex values itself



Difference between investments at fair value and assets at fair value is cash, short-term investments and investments in debt of subsidiaries net of tax provision

public share offering in early 1987. The C$100m issue drew C$234m.

Enthusiasm has cooled since then. The shares, issued at C$20.50 apiece in 1987, are languishing at C$14.25. The announcement of the Automotive Industries deal sent them down 12 cents.

The most significant drawback of a diversified holding is that the performance of the strongest investments can be tarnished by troublesome ones.

In Onex's case, *its packaging* subsidiary was deep in the red in 1987. The packaging company, which was previously American Can's local subsidiary and is one of Canada's biggest metal can makers, was revived by forming a joint venture with the US two-piece can specialist, Ball Corp.

Meanwhile, Purolator Courier, Canada's biggest courier company, lost C$1.9m in 1988.

Last year, high short-term interest rates hurt the leasing arm, Norex Leasing. Onex's other big investment, Beatrice Foods, *has also had* a mixed performance, with poor earnings from biscuits and crackers offsetting the growth in market share of its dairy products in the first nine months of 1989. Beatrice, a pioneer of junk bonds in Canada, is highly leveraged. The only consis*tently strong* performer has been Sky Chefs, a leading US airline caterer whose main customer is American Airlines.

The Onex management compensation plan has also drawn criticism. Besides generous salaries (the four most senior executives received C$1.8m between *them in 1988*), top managers are paid in the form of a dividend of escrowed shares amounting to 20 per *cent of each year's* increase in what Onex calls the "fair value" of the company's assets.

The fair value, which is calculated by management but must be ratified by external auditors and three-quarters of the board, takes into account not only the financial position of each subsidiary, but such nebulous criteria as premiums paid for control positions of *similar* companies, and the views of investment bankers.

The "fair value" of assets surged by C$53.9m in 1988, giving senior Onex managers a handsome extra nest-egg, but diluting the ownership of other shareholders. Fair value went up another C$6.2m in the first nine months of 1989.

Mr Ewout Heersink, Onex vice-president, blames the lacklustre share price on a lack of understanding for "the intricacies of each of the subsidiaries," and concern among investors about the risks of leveraged buy-outs.

Mr Heersink says Onex avoids high-risk ventures, such as property, *high-tech products* and start-ups. With debt-financed deals, he says: "We don't want operating risk on top of financial risk."

He has no qualms about Onex getting into the automotive business when the motor industry seems to be heading for the doldrums. Automotive Industries, which makes moulded plastic parts and assemblies, has a healthy order book, *Mr Heersink says.* In addition, a downturn may be the best time to broaden its base through acquisitions.

Onex's confidence in its latest investment is partly due to its strategy of forming joint ventures with respected US industrialists, and its ability to bring entrepreneurial *flair* to what were divisions of much larger, slow-moving companies.

The remaining 20 per cent in *Automotive Industries* is held by Mr Tony Johnson, a former chief executive of Pentair, a US parts supplier. "I expect Johnson to do more with the plants than Tate & Lyle did," says Mr Terry Fisher, analyst at Burns Fry, a Toronto securities firm.

Onex has formed a similar "acquisition partnership" with a former chief executive officer of Pullman Industries. This joint venture made its first investment last year in Dayton Superior, an Ohio manufacturer of reinforced concrete accessories.

The *Canadian company* is confident its formula of blending its entrepreneurial skills and its partners' management experience is a winner, with the reservation that many more of such ventures might be too much of a good thing.

In Mr Heersink's words, "If you've 10 partners out there, that's a lot of mouths to feed."

Campeau stores group still for sale

By Anatole Kaletsky in New York

CAMPEAU, the beleaguered *Canadian retailing group*, said yesterday that it was still trying to sell Bloomingdale's, its most important department store chain.

The company's statement came in response to reports in the Financial Times and the Toronto Financial Post, in which financiers involved in the Campeau restructuring indicated that the group had given up on the Bloomingdale's disposal.

Campeau said these reports were unfounded. "There has been no change in Bloomingdale's status," *Mr Carol Sanger*, a Campeau spokeswoman said. However, there was no indication that a possible sale *of Bloomingdale's* was imminent.

The planned sale was supposed to raise around $1.5bn and was the centrepiece of the financial rescue strategy for Campeau charted by Mr Robert Campeau and the Reichmann family of Toronto.

However, bids received in the Bloomingdale's auction were understood to have been too low to make a significant contribution to the strengthening of the group's balance sheet.

If Bloomingdale's could not be sold for an adequate price, Campeau might have no alternative but to file for bankruptcy protection in the near future.

On a related issue, Campeau said it had made no decision yet on whether to make pay*ments this week to its* trade suppliers. A failure to make the payments on the wholesalers' invoices, most of which come due tomorrow, could be a prelude to a bankruptcy filing.

Avibras files for creditor protection

By John Barham in São Paulo

AVIBRAS, once among the world's *fastest-growing* arms companies, has filed a request *for protection* from its creditors at a São Paulo bankruptcy court.

The company says it is *unable to honour debts of* about $200m and wants the court to approve a plan to repay creditors over two years.

The entire Brazilian arms industry is suffering a recession after years of prosperity fuelled by supplying low-technology but well-built equipment to third world and Middle Eastern markets. Falling oil prices, rising debts, and peace throughout much of the region has sharply reduced exports.

Engesa, the leading arms manufacturer, has staved off bankruptcy for years in the hope of clinching an elusive Saudi Arabian tank contract.

The industry's close relations with the Brazilian armed forces has usually ensured it privileged treatment when it needed government financial assistance. This time, the generals of the outgoing Sarney Government were unwilling or unable to bail Avibras out.

Avibras's problems began with the end of the Gulf War. Iraq, once its leading client, stopped paying for its mobile saturation rocket systems.

Sales dropped to an estimated $40m in 1989 from a record $355m in 1987. Mr Pedro Vial, Avibras's finance director, said its troubles were compounded by an overvalued exchange rate that reduced the local currency value of its exports.

As a result, Avibras has fallen heavily into debt. Mr Vial says it owes about $130m to local banks, which refinanced its debt at high interest rates. Avibras owes suppliers another $70m.

Marginal GFSA mines look hard at their prospects

By Jim Jones in Johannesburg

MARGINAL mines managed by Gold Fields of South Africa (GFSA) have taken a hard look at their prospects as gold's rand-denominated price has remained flat. This became clear with the release yesterday of results for the final quarter of 1989.

At the present local bullion price of R33,000 ($8,250) per kilogram several of the group's older mines have limited life expectancies and drastic action has been needed.

Vlakfontein, the smallest mine, has sold its new underground operations to the Nigel mine and is now wondering what to do with the Nigel shares it received.

Venterspost calculates its remaining underground life at little more than four years at present gold prices and is to raise about R210m to finance development of its new section, which is expected to sustain operations well into the next century.

Libanon could be compelled to cut production unless the rand gold price improves substantially, according to Mr Mike Tagg, a director.

Mr Tagg said Venterspost's new area will start producing ore in 1992 and that it will be the sole operating section in the early years of the next century. The mine is offering shareholders 10 linked units at R65 each for every 100 shares held. Each option consists of 10 deferred shares R6.50 a share in November 1991. The deferred shares will rank for dividends in 1992.

Driefontein Consolidated, Kloof and Deelkraal, the group's larger mines, suffered production difficulties due to fires and geological problems which reduced the availability of working places.

A fire in the mine's east section led to a cut in the ore milling rate but, paradoxically, an increase in the section's gold production as extraction was shifted towards richer mining areas from the poorer, fire-affected zones.

Kloof's mining operations have been affected by seismic events which have obliged the mine to redevelop working areas and led to a decrease in the proportion of ore drawn from the richer Ventersdorp Contact Reef. The mine's new Leeudoorn section is expected to start producing ore in the third quarter of this year.

Deelkraal's production has been affected by poor ground conditions as existing long-wall stopes have approached each other and increased underground rock stresses. Additional levels are not budgeted to increase unit working costs unduly. The Doornfontein mine is concentrating on containing working costs ahead of exploitation of the new mining area in the south of the property.

GFSA GOLD QUARTERLIES

	Gold produced (kg)		After-tax profit (Rm)		Earnings per share (cents)	
	Dec 89	Sep 89	Dec 89	Sep 89	Dec 89	Sep 89
Deelkraal	2,380	2,390	32.2	30.7	12.3	13.5
Doornfontein	2,065	1,967	4.4	2.3	(10.0)	(18.6)
Drie Cons	13,039	12,951	119.0	119.5	31.5	32.3
Kloof	6,623	6,912	112.5	107.7	21.5	51.7
Libanon	1,801	1,958	2.3	6.2	(4.7)	(9.0)
Venterspost	1,525	1,489	2.0	(1.2)	(45.4)	(35.4)
Vlakfontein	158	295	0.8	0.3	6.4	1.4

Earnings per share calculated after tax and capital expenditure. Parentheses = negative

Cable & Wireless makes a call to the Caribbean

Canute James reports on a British telecommunications company's most recent acquisitions

Cable & Wireless knows the Caribbean well, having been involved in telecommunications in the region for the past century. It is, perhaps, this familiarity which has given the British company an advantage in recent acquisitions leading to increased involvement in Caribbean telecommunications.

The company is investing about £250m ($156m) in the region, much of it aimed at partnerships in and control of national telecommunications systems. Encouraged by the wind of divestment which has been blowing through the Caribbean, C&W is significantly increasing its presence in Trinidad and Tobago.

It has taken control of the telecommunications systems in Jamaica and Grenada, and is involved in the improvement of systems in many other islands. "These opportunities have come about because some companies were not being well managed," says Mr Tom Chellew, director of C&W with responsibility for the Caribbean, Bermuda and Latin America. "This has coincided with the move by several governments to privatise state owned companies."

It was the decision of the Trinidad and Tobago government to privatise the heavily indebted Telephone Company (Telco) which offered C&W the opportunity recently to agree the acquisition of a 49 per cent stake in the company.

The Government had invited bids from leading companies interested in the partnership, but was left with a short list of two – C&W and British Telecom. Government officials in Port of Spain, Trinidad and Tobago's capital, said C&W was favoured because of the company's previously acquired 49 per cent share in Textel, the local international telecommunications company, which will be merged with Telco.

Telco had undergone an ambitious expansion programme to upgrade the quality of service, but in the process had accumulated debts of TT$1bn (US$235m) which represented about a sixth of the country's foreign debt. With the company unable to pay these debts, and further burdened by operational losses, the government decided to divest.

There are yet no details of how much C&W will pay for its share in Telco. This, Mr Chellew said, will be determined in the final agreement. But the company's involvement has been accompanied by an undertaking by the government – one condition for participation, said Mr Chellew – to write off a significant part of the local company's debt. "There is no guarantee that this company will make a profit," says Mr Chellew. "It does not make a profit now."

In terms of profitability, the Jamaican telecommunications sector is in a much more healthy condition than Trinidad and Tobago's. "In this respect, Jamaica is a mirror image of Trinidad and Tobago," according to Mr Chellew.

Telecommunications of Jamaica (TOJ) the holding company in which C&W recently increased its stake to 59 per cent, has two profitable subsidiaries which run the island's telephone and external telecommunications services. TOJ recorded a pre-tax profit of J$315.5m (US$57.3m) in the 1988-89 financial year. The group's net worth is given as US$236.3m.

"Telecommunications of Jamaica has been making money," Mr Chellew says. "We have bought into a profitable company."

Jamaica Telephone Company (JTC), one of the subsidiaries of TOJ, has been recording profits with plant and equipment which need improvement. While the company was state-controlled, it was victim of strictures imposed by the Government's agreement with the International Monetary Fund on spending by state enterprises.

C&W recently paid the Jamaican Government £27m to increase its holding in TOJ from 39 per cent. With JTC now privately controlled, there are plans for an improvement and expansion of services costing about US$1bn over the next five years.

Mitsui Corporation of Japan and Northern Telecom of Canada have been awarded contracts totalling US$100m to supply JTC with equipment for improving the telephone system. The companies will supply digital switching equipment, fibre optic transmission products, maintenance systems and PABX and key systems. JTC and Jamintel, the external telecommunications subsidiary of TOJ, will eventually be merged.

C&W's increased involvement in Trinidad and Tobago and in Jamaica followed an agreement in January to launch a new telecommunications company in Grenada. The island's government took a 51 per cent equity in the company, with C&W having the remainder, and a management contract for 20 years.

But the company took control of the Grenadian facility last month when bought another 21 per cent of the government's shareholding. In neighbouring Barbados, C&W has the controlling interest in the telephone and telecommunications companies.

The company has spread its interests to other aspects of Caribbean telecommunications. It is spending £30m on a fibre-optic cable which will link Bermuda to the British Virgin Islands and, with its controlling interest in TOJ, is a partner in a project by AT&T of the US to lay a similar cable to link Florida to South America through Colombia, with branches to Puerto Rico, the Dominican Republic and Jamaica.

The British company is also a partner in a data processing and transmission facility on the Jamaican north coast. Its 35 per cent equity in the project has been increased through its control of TOJ, which holds 30 per cent, with AT&T the other partner.

Mr Peter Jackson, C&W's regional marketing manager for the Caribbean, says: "We are planning to introduce a range of new services which are not now available in the Caribbean. These include phone cards and cellular services for boats in the Caribbean. "Offering these services to one country alone would not make economic sense, but we are now able to integrate our operations in the Caribbean and achieve economies of scale on a regional basis."

Philip Morris sells Lindeman

PHILIP MORRIS of the US is selling Lindeman (Holdings), an Australian wine producer and its subsidiaries, to Penfolds Wines, Australia's largest wine company, AP-DJ reports from Sydney.

A purchase price was not disclosed.

Mr George Haines, chairman of Penfolds, said his company has "been talking on and off with them (Philip Morris) for a couple of years," but only recently concluded the purchase.

Penfolds said the acquisition will boost the company's market share of domestic wine sales to around 25 per cent from around 16 per cent.

Accor launches issue to expand

By William Dawkins in Paris

ACCOR, the leading French hotel and restaurant chain, yesterday launched an issue of new shares with warrants worth an initial FFr1.8bn ($315m) to fund its international expansion, and estimated that profits rose by 5 per cent last year.

The group is issuing just over 1.8m shares at FFr1,000 each, a slight premium over the FFr896 at which the shares were quoted at the end of last week. Each comes with one warrant to buy another share, for which the subscription price will also FFr1,000.

The warrants can be exercised at that price at any time between February 7 this year and June 30 1993. If the warrants are fully taken up, the amount Accor will raise will over time double, to FFr3.6bn before expenses.

This is the second large equity issue on the Paris bourse since last week's FFr3.8bn convertible bond issue from BSN, France's largest foods group.

Accor is reserving FFr550m of the total for international investors, to be placed in London and Switzerland by Banque Indosuez and Société Générale. Existing Accor investors are being given priority for one new share for every 16 they already own.

Mr Gérard Pélisson, Accor's joint president, said the group's financial needs were not urgent since borrowings only amounted to 27 per cent of total capital.

He said the cash would help Accor pursue international growth, an active hotel building programme and a diversification into the holiday business.

Even taking account of the new equity, earnings per share were expected to rise from FFr35 in 1989 to roughly FFr40 the following year. Group profits, meanwhile, were estimated to have risen from FFr571m net in 1988 to around FFr600m last year.

■ Compagnie Financiere de Paribas plans to create about 2.55m new shares to reimburse shareholders in Compagnie de Navigation Mixte who tendered shares to Paribas's hostile bid for the group, Reuter reports.

A bank spokesman said Paribas would hold an exceptional shareholders' meeting on February 27 to request approval for the creation of the new shares.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday January 8, 1990. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	60.0241	35.9601	41.6579
Albania	(Lek)	10.1804	6.1568	3.6885	4.2729
Algeria	(Dinar)	13.204	7.9854	4.7840	5.5420
Andorra	(Fr Fr)	9.4100	5.6909	3.4094	3.9496
	(Sp Peseta)	180.30	109.0414	65.3260	75.6768
Angola	(Kwanza)	49.1485u	29.9180	17.8074	20.6289
Antigua	(E Carr $)	4.4428	2.6869	1.6097	1.8647
Argentina	(Austral)	2972.55	1797.7320	1077.0108	1247.6600
Aruba	(Florin)	2.9454	1.7813	1.0671	1.2362
Australia	(Aus $)	2.0990	1.2694	0.7605	0.8810
Austria	(Schilling)	19.39	11.7266	7.0253	8.1385
Azores	(Port Escudo)	244.40	147.8076	88.5507	102.5813
Bahamas	(Bahama $)	1.6535	1	0.5990	0.6940
Bahrain	(Dinar)	0.6175	0.3734	0.2237	0.2591
Balearic Is	(Sp Peseta)	180.30	109.0414	65.3260	75.6768
Bangladesh	(Taka)	51.20	30.9646	18.5507	21.4900
Barbados	(Barb $)	3.3096	2.0015	1.1991	1.3891
Belgium	(Belg Fr)	57.95c	35.0468	20.9963	24.3231
		57.95g	35.0468	20.9963	24.3231
Belize	(B $)	3.291	1.9903	1.1923	1.3813
Benin	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Bermuda	(Bermudian $)	1.6535	1	0.5990	0.6940
Bhutan	(Ngultrum)	27.50	16.6313	9.9637	11.5424
Bolivia	(Boliviano)	4.887	2.9555	1.7706	2.0512
Botswana	(Pula)	3.0625	1.8521	1.1096	1.2854
Brazil	(Cruzado)	20.2235	12.2307	7.3273	8.4883
British Virgin Is	(US $)	1.6535	1	0.5990	0.6940
Brunei	(Brunei $)	3.1255	1.8902	1.1324	1.3118
Bulgaria	(Lev)	1.3024	0.7876	0.4718	0.5466
Burkina Faso	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Burma	(Kyat)	10.7780	6.5182	3.9050	4.5238
Burundi	(Burundi Fr)	274.55	166.0417	99.4746	115.2360
Cambodia	(Riel)	248.025u	150	89.8641	104.1028
Cameroon	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Canada	(Canadian $)	1.9175	1.1596	0.6947	0.8048
Canary Is	(Sp Peseta)	180.30	109.0414	65.3260	75.6768
Cp. Verde	(CV Escudo)	123.33	74.5872	44.6847	51.7649
Cayman Is	(CI $)	1.3658u	0.8300	0.4948	0.5732
Cent. Afr. Rep	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Chad	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Chile	(Chilean Peso)	467.00	282.4312	169.2028	196.0125
China	(Renminbi Yuan)	7.7246	4.6716	2.7987	3.2422
Colombia	(Col Peso)	703.50	425.4611	254.8913	295.2780
Comoros	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Congo (Brazz)	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Costa Rica	(Colon)	138.30	83.6407	50.1086	58.0482
Côte d'Ivoire	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Cuba	(Cuban Peso)	1.3111	0.7929	0.4750	0.5503
Cyprus	(Cyprus £)	0.7730	0.4674	0.2800	0.3244
Czechoslovakia	(Koruna)	27.25c	16.4801	9.8731	11.4375
		60.91t	36.8570	22.0688	25.5655
Denmark	(Danish Kroner)	10.7275	6.4877	3.8867	4.5026
Djibouti Rep	(Djib Fr)	292.00	176.5951	105.7971	122.5603
Dominica	(E Carrib $)	4.4428	2.6869	1.6097	1.8647
Dominican Rep	(D Peso)	11.1689	6.7528	4.0456	4.6866
Ecuador	(Sucre)	1082.55o	654.7021	392.2282	454.3756
		1066.50a	644.9954	386.4130	447.6390
Egypt	(Egyptian £)	4.23	2.5582	1.5326	1.7754
El Salvador	(Colon)	10.5870	6.4027	3.8358	4.4436
Equat'l Guinea	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Ethiopia	(Ethiopian Birr)	3.3815	2.0450	1.2251	1.4193
Falkland Is	(Falk £)	1.00	0.6047	0.3623	0.4197
Faroe Is	(Danish Kroner)	10.7275	6.4877	3.8867	4.5026
Fiji Is	(Fiji $)	2.4650	1.4907	0.8931	1.0346
Finland	(Markka)	6.5783	3.9784	2.3834	2.7610
France	(Fr)	9.4100	5.6909	3.4094	3.9496
Fr. Cty/Africa	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Fr. Guiana	(Local Fr)	9.4100	5.6909	3.4094	3.9496
Fr. Pacific Is	(CFP Fr)	170.00	102.8122	61.5942	71.3536
Gabon	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Gambia	(Dalasi)	12.6029	7.6219	4.5662	5.2897
Germany East	(Ostmark)	2.7600	1.6691	1	1.1584
Germany West	(D-Mark)	2.7600	1.6691	1	1.1584
Ghana	(Cedi)	497.344	300.7825	180.1971	208.7487
Gibraltar	(Gib £)	1.00	0.6047	0.3623	0.4197
Greece	(Drachma)	258.95	156.6071	93.8224	108.6883
Greenland	(Danish Krone)	10.7275	6.4877	3.8867	4.5026
Grenada	(E Carr $)	4.4428	2.6869	1.6097	1.8647
Guadaloupe	(Local Fr)	9.4100	5.6909	3.4094	3.9496
Guam	(US $)	1.6535	1	0.5990	0.6940
Guatemala	(Quetzal)	4.6970	2.8406	1.7018	1.9714
Guinea	(Fr)	493.65	298.5485	178.8586	207.1983
Guinea-Bissau	(Peso)	1069.57u	650	387.5253	448.9275
Guyana	(Guyanese $)	48.995u	33	17.7518	20.5645
Haiti	(Gourde)	8.2275u	5	2.9809	3.4533
Honduras	(Lempira)	3.3020u	2	1.1963	1.3859
Hong Kong	(HK $)	12.8815	7.7904	4.6672	5.4067
Hungary	(Forint)	101.7763	61.5520	36.8754	42.7182
Iceland	(Icelandic Krona)	99.50	60.1753	36.0507	41.7628
India	(Indian Rupee)	27.50	16.6313	9.9637	11.5424
Indonesia	(Rupiah)	2954.61	1786.8823	1070.5108	1240.1301
Iran	(Rial)	114.20	69.0656	41.3768	47.9328
Iraq	(Iraqi Dinar)	0.5084	0.3074	0.1842	0.2133
Irish Rep	(Punt)	1.0465	0.6328	0.3791	0.4392
Israel	(Shekel)	3.1870	1.9274	1.1547	1.3376
Italy	(Lira)	2066.50	1249.7732	748.7318	867.3662
Jamaica	(Jamaican $)	10.4635	6.3280	3.7911	4.3918
Japan	(Yen)	238.25	144.0882	86.3224	100
Jordan	(Jordanian Dinar)	1.0776	0.6517	0.3904	0.4522
Kenya	(Kenya Shilling)	35.20	21.2881	12.7536	14.7743
Kiribati	(Australian $)	2.0990	1.2694	0.7605	0.8810
Korea North	(Won)	1.5961	0.9652	0.5782	0.6699
Korea South	(Won)	1114.30	673.9038	403.7318	467.7019
Kuwait	(Kuwaiti Dinar)	0.4815	0.2912	0.1744	0.2020
Laos	(New Kip)	1173.24	709.5494	425.0869	492.4407
Lebanon	(Lebanese £)	919.24	555.9358	333.0579	385.8300
Lesotho	(Maluti)	4.1930	2.5358	1.5192	1.7599
Liberia	(Liberian $)	1.6535	1	0.5990	0.6940
Libya	(Libyan Dinar)	0.479	0.2896	0.1735	0.2010
Liechtenstein	(Swiss Fr)	2.5200	1.5240	0.9130	1.0577
Luxembourg	(Lux Fr)	57.95	35.0468	20.9963	24.3231
Macao	(Pataca)	13.2787	8.0306	4.8111	5.5734
Madeira	(Port Escudo)	244.40	147.8076	88.5507	102.5813
Malagasy Rep	(MG Fr)	2158.25	1305.2615	781.9746	905.8761
Malawi	(Kwacha)	4.3145	2.6093	1.5632	1.8109
Malaysia	(Ringgit)	4.4635	2.6994	1.6172	1.8734
Maldive Is	(Rufiya)	15.4233	9.3276	5.5881	6.4735
Mali Rep	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Malta	(Maltese £)	0.5480	0.3314	0.1985	0.2300
Martinique	(Local Fr)	9.4100	5.6909	3.4094	3.9496
Mauritania	(Ouguiya)	143.47	86.7674	51.9818	60.2182
Mauritius	(Maur Rupee)	24.05	14.5449	8.7137	10.0944
Mexico	(Mexican Peso)	4443.90a	2687.5718	1610.1086	1865.2256
		4350.70d	2631.2065	1576.3405	1826.1070
Miquelon	(Local Fr)	9.4100	5.6909	3.4094	3.9496
Monaco	(French Fr)	9.4100	5.6909	3.4094	3.9496
Mongolia	(Tugrik)	5.52150	3.3555	2	2.3175
Montserrat	(E Carr $)	4.4428	2.6869	1.6097	1.8647
Morocco	(Dirham)	13.4758	8.1496	4.8825	5.6561
Mozambique	(Metical)	1407.94	851.4907	510.1231	590.9506
Namibia	(S A Rand)	4.1930	2.5358	1.5192	1.7599
Nauru Is	(Australian $)	2.0990	1.2694	0.7605	0.8810
Nepal	(Nepalese Rupee)	39.492	23.8838	14.3086	16.5758
Netherlands	(Guilder)	3.1150	1.8838	1.1286	1.3074
N'nd Antilles	(A/Guilder)	2.9619u	1.7977	1.0731	1.2431
New Zealand	(NZ $)	2.7555	1.6664	0.9983	1.1565
Nicaragua	(Cordoba)	38815.6	23474.8110	14063.6231	16291.9622
Niger Rep	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Nigeria	(Naira)	12.6703	7.6627	4.5906	5.3180
Norway	(Nor. Krone)	10.7350	6.4922	3.8894	4.5057
Oman	(Rial Omani)	0.6304	0.3812	0.2284	0.2645
Pakistan	(Pak. Rupee)	34.60	20.9253	12.5362	14.5225
Panama	(Balboa)	1.6535	1	0.5990	0.6940
Papua New Guinea	(Kina)	1.4240	0.8612	0.5159	0.5976
Paraguay	(Guarani)	2005.44	1212.8454	726.6086	841.7376
Peru	(Inti)	21160.4	12797.3389	7666.8115	8881.5949
Philippines	(Peso)	35.30	21.3486	12.7898	14.8163
Pitcairn Is	(£ Sterling)	1.00	0.6047	0.3623	0.4197
	(NZ $)	2.7555	1.6664	0.9983	1.1565
Poland	(Zloty)	15315.0	9262.1711	5548.9130	6428.1217
Portugal	(Escudo)	244.40	147.8076	88.5507	102.5813
Puerto Rico	(US $)	1.6535	1	0.5990	0.6940
Qatar	(Riyal)	5.9627	3.6061	2.1603	2.5027
Reunion Is. de la	(F/Fr)	9.4100	5.6909	3.4094	3.9496
Romania	(Leu)	14.341	8.6725	5.1956	6.0188
Rwanda	(Fr)	125.15	75.6879	45.3442	52.5288
St Christopher	(E Carr $)	4.4428	2.6869	1.6097	1.8647
St Helena	(£)	1.00	0.6047	0.3623	0.4197
St Lucia	(E Carr $)	4.4428	2.6869	1.6097	1.8647
St Pierre	(French Fr)	9.4100	5.6909	3.4094	3.9496
St Vincent	(E Carr $)	4.4428	2.6869	1.6097	1.8647
San Marino	(Italian Lira)	2066.50	1249.7732	748.7318	867.3662
Sao Tome	(Dobra)	173.73	105.0680	62.9456	72.9192
Saudi Arabia	(Riyal)	6.1420	3.7145	2.2253	2.5779
Senegal	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Seychelles	(Rupee)	8.80	5.3220	3.1884	3.6935
Sierra Leone	(Leone)	102.70	62.1106	37.2101	43.1059
Singapore	($)	3.1255	1.8902	1.1324	1.3118
Solomon Is	($)	3.9590	2.3943	1.4344	1.6616
Somali Rep	(Shilling)	674.65	408.0133	244.4384	283.1689
South Africa	(Rand)	4.1930c	2.5358	1.5192	1.7599
		5.9498g	3.5983	2.1557	2.4972
Spain	(Peseta)	180.30	109.0414	65.3260	75.6768
Spanish Ports in N Africa	(Sp Peseta)	180.30	109.0414	65.3260	75.6768
Sri Lanka	(Rupee)	65.00	39.3105	23.5507	27.2822
Sudan Rep	(£)	18.841	11.3946	6.8264	7.9080
Surinam	(Guilder)	2.929	1.7713	1.0612	1.2293
Swaziland	(Lilangeni)	4.1930	2.5358	1.5192	1.7599
Sweden	(Krona)	10.1350	6.1294	3.6721	4.2539
Switzerland	(Fr)	2.5200	1.5240	0.9130	1.0577
Syria	(£)	34.5555o	21	12.5201	14.5038
Taiwan	($)	42.80	25.8844	15.5072	17.9643
Tanzania	(Shilling)	313.60	189.6583	113.6231	131.6264
Thailand	(Baht)	41.50	25.0982	15.0362	17.4186
Togo Rep	(CFA Fr)	470.50	284.5479	170.4710	197.4816
Tonga Is	(Pa Anga)	2.0990	1.2694	0.7605	0.8810
Trinidad/Tobago	($)	6.9934	4.2294	2.5338	2.9353
Tunisia	(Dinar)	1.4889	0.9004	0.5394	0.6249
Turkey	(Lira)	3760.12	2274.0368	1362.3623	1578.2245
Turks & Caicos	(US $)	1.6535	1	0.5990	0.6940
Tuvalu	(Australian $)	2.0990	1.2694	0.7605	0.8810
Uganda	(New Shilling)	610.83	369.4163	221.3152	256.3819
U A E	(Dirham)	6.01425	3.6372	2.1790	2.5243
United Kingdom	(£)	1.00	0.6047	0.3623	0.4197
United States	(US $)	1.6535	1	0.5990	0.6940
Uruguay	(Peso)	1328.6	803.5077	481.3768	557.6495
USSR	(Rouble)	0.9757	0.5900	0.3535	0.4095
Vanuatu	(Vatu)	182.00	110.0695	65.9420	76.3903
Vatican	(Lira)	2066.50	1249.7732	748.7318	867.3662
Venezuela	(Bolivar)	71.918	43.4944	26.0572	30.1859
Vietnam	(Dong)	7404.75	4478.2280	2682.8894	3107.9748
Virgin Is-British	(US $)	1.6535	1	0.5990	0.6940
Virgin Is-US	(US $)	1.6535	1	0.5990	0.6940
Western Samoa	(Tala)	3.745	2.2648	1.3568	1.5718
Yemen	(Rial)	16.0436	9.7028	5.8128	6.7339
Yemen PDR	(Dinar)	0.5595o	0.3430	0.2027	0.2348
Yugoslavia	(Dinar)	192950.0	116691.8657	69909.4202	80986.3588
Zaire Rep	(Zaire)	701.00	423.9491	253.9855	294.2287
Zambia	(Kwacha)	35.30	21.3486	12.7898	14.8163
Zimbabwe	($)	3.7275	2.2543	1.3505	1.5645

Special Drawing Rights January 5, 1990 United Kingdom £1.23816 United States $1.31857 Germany West D Mark 2.22601 Japan Yen189.347 European Currency Unit Rates January 8, 1990 United Kingdom £1.36300 United States $1.20837 Germany West D Mark 2.02824 Japan Yen174.609

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5. Monday January 8, 1990.

INTERNATIONAL CAPITAL MARKETS

Japan may widen foreign access to bond auctions

By Robert Thomson in Tokyo

JAPAN'S Ministry of Finance indicated yesterday that 10-year government bonds could be sold entirely at auction. This would open the way for greater participation by foreign securities companies, if the planned expansion of auctions in October is a success.

Foreign companies have been seeking better access to Japan's primary bond market, and the US government has raised the matter in talks on the liberalisation of Japan's financial markets. The ministry said yesterday that it is working towards increased use of auctions.

However, a ministry official denied reports in the Japanese press that the ministry has already decided to sell the 10-year issues entirely through auctions from April 1991.

"This report is just speculation. What happens next depends on the results of the introduction of our new system in October. At this point, we can't make any further decisions on dates," the official said.

After demands by foreign banks and securities' firms for a more open system, the ministry allowed 40 per cent of 10-year issues to be auctioned from last April and has announced that the ratio will be lifted to 60 per cent in October.

An analyst at Salomon Brothers said that further expansion of the auction system has been sought by foreign companies because "it encourages greater competition." At present, the 60 per cent portion of issues not auctioned is allocated to syndicates with predetermined shares, while the leading six foreign companies are allotted only 3.9 per cent.

As for the auctioned bids, figures just released show that for the period from April to the end of December last year, Nomura Securities, the country's largest broker, had the largest share, 16.7 per cent. Salomon Brothers followed at 13.1 per cent, Daiwa Securities at 7.7 per cent and Sumitomo Bank at 4.7 per cent.

● The Finance Ministry is considering letting Japanese securities firms issue commercial paper overseas, and would like to make the change as soon as possible, Reuter reports.

The ministry said that many problems remain, including which firms would be eligible to issue overseas, before permission is granted. Japanese firms can issue Euroyen commercial paper through overseas subsidiaries, but cannot return the funds to Japan.

Italy to harmonise capital taxes

THE ITALIAN Government intends to harmonise taxes on financial activity before capital movements in the European Community are liberalised on July 1, Reuter reports.

The announcement, from the Finance Ministry, implies the imposition of a capital gains tax on shares and bonds.

At present bond coupons and share dividends are subject to tax, but not capital gains.

The ministry said Italy would step up its monitoring of capital outflows, following the devaluation of the lira at the weekend.

"Before the liberalisation of European capital movements, expected by next July 1, Italy will need to have met two objectives: the introduction of a system of monitoring capital outflows, not to control them but to ensure they are known, and the harmonisation of taxes on financial activity, which are currently too imbalanced," the ministry said.

"We should aim to establish fiscal neutrality in the choice of modes of saving."

It added that there would be discussions over the next few weeks.

"We will have to work on two aspects: to ensure vigilance on capital outflows and to encourage inflows, through the elimination of difficulties and obstacles but certainly not by creating areas of tax exemption," the ministry said.

● The Italian Treasury Ministry is offering L2,500bn of six-year certificates with options for early redemption after the first three years (CTOs). The certificates will be offered a net annual 12.35 per cent if redeemed after three years and 11.90 per cent if redeemed after six years.

The issue is being offered on the same terms as the December issue.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on January 8

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 8⅝ 96	750	99½	99¾	−0⅛	−1	8.69
Alberta 9⅞ 95	600	103¼	103¾	−0⅛	−0⅝	8.63
Austria 9⅜ 93	140	102⅝	103⅛	0	−0¼	8.54
B.F.C.E. 8⅜ 94	175	99½	99⅞	0	−0⅝	8.52
B.F.C.E. 9¼ 95	150	102⅝	103	−0⅛	−0⅝	8.62
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6½ 91	80	99⅜	99⅝	0	−0⅛	6.58
Canada 5⅝ 93	80	97½	97¾	−0¼	−0⅞	6.38
Eurofima 5 1995	20	93⅞	94¼	−0¼	−0⅞	6.37
E.I.B. 4⅞ 93	30	95⅞	95¾	−0¼	−0⅞	6.45
Ireland 5⅛ 93	30	94⅞	95⅜	−0¼	−0⅞	6.81
[illegible]						

OTHER STRAIGHTS [illegible]

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

* No information available–previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier. Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; § above mean rate) for US dollars. C.cpn = The current coupon. Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Bankers Trust International; Kredietbank N.V.; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Bank Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring & Pierson; Credit Suisse; Bank of Tokyo International; Chemical Bank International; Citicorp International Bank; Daiwa Europe NV; LTCB International; Robert Fleming & Co; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Samuel Montagu & Co.; Societe Generale Strauss Turnbull; State Bank of Victoria; Swiss Bank Corporation; UBS-Phillips & Drew; S.G. Warburg Securities; Wood Gundy

INTERNATIONAL CAPITAL MARKETS

Ecu issues tumble after lira devaluation, then recover

By Andrew Freeman

INTERNATIONAL BONDS

THE DOLLAR sector of the Eurobond market showed resilience yesterday, despite a weakening of Treasury bond prices. In contrast, Ecu bonds fell sharply on the secondary market in response to the devaluation of the Italian lira within the European monetary system.

Although they later recovered, some prices dropped by over a point in busy trading, while recent primary issues were lower by around ½ point.

Nomura International was the lead manager of a $270m issue for Chubu Electric Power, the third largest Japanese power company. The seven-year deal carried a 9 per cent coupon and was priced at 101⅛ to yield 95 basis points over the when-issued US Treasury.

Houses in the deal acknowledged its importance in what has been a difficult sector for investors. Several previous issues for smaller power companies were aggressively priced and badly handled in syndication, leaving investors with illiquid and expensive paper.

Nomura reported sound Japanese demand for the paper at a spread of 88 basis points over Treasuries, a level implying roughly a ⅛ to ¼ point profit for the underwriters.

The bonds initially traded at less 1¾ bid in London, comfortably inside full fees of 1⅞ per cent.

Later, as the Treasury market ticked lower, the level fell to less 1.85 bid, around full fees.

Several houses in the syndicate said that there had been good demand in Tokyo, while all agreed that European interest was noticeably slow. They said non-Japanese investors were waiting to see whether an orderly after-market developed in the bonds.

The deal carried a traditional fee structure, but Nomura said it had sought broad agreement on the pricing of the deal last week and had asked group members to place the paper at an agreed spread over Treasuries.

Issue proceeds were swapped into fixed-rate yen via floating-rate US dollars, with IBJ and Mitsui thought to have shared the swap between them.

Japan Development Bank brought a $150m five-year deal led by Mitsubishi Finance International, the first Japanese city bank to lead manage an issue carrying the Japanese Government's guarantee.

The bonds were priced to yield a generous 65 basis points over Treasuries and met strong demand. Mitsubishi was quoting the paper at less 1.72 bid, very comfortably inside underwriting fees and implying a spread of nearer 60 basis points. Proceeds were swapped into fixed-rate yen.

Meanwhile, UBS Phillips & Drew announced a $750m credit card-backed deal for Euro Credit Card Trust 1990 to a fine reception. The five-year bonds were priced at an indicated spread of between 85 and 90 basis points over Treasuries, a level which found strong support among syndicate officials. Final terms are expected this morning when the deal should be formally launched.

Barclays de Zoete Wedd brought an A$75m issue for Barclays Australia International Finance to a steady reception. The deal was swap-driven and was trading just inside fees at less 1.47 bid.

In Germany, bond prices were initially easier in line with weaker futures prices, but rallied after the prime rate cut in the US. At the close, most issues were little changed, but dealers reported thin turnover.

Trinkhaus & Burkhardt was the lead manager of a DM150m two-year issue for WGZ International Finance. The bonds carried an 8 per cent coupon and were priced at 101, which some dealers said was slightly tight against current interbank yields.

However, the bonds traded well within fees at less 1.15 bid amid good interest from German retail investors. A Trinkhaus official said the return at less 1.15 was competitive against yields available to retail investors.

In Switzerland, prices were mixed, with most recent issues ending lower despite the easing of short-term interest rates.

Some secondary issues were firmer, but the World Bank 6 per cent deal lost ¾ point to 97½, while the EIB 6¼ per cent fell ¼ point to 95. On the primary market, the SFr100m 6⅞ per cent Nokia deal fell ½ point to less 5¾ bid.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Chubu Electric Power(b)◆	270	9	101⅛	1997	1⅞/1¼	Nomura Int.
Japan Development Bank(b)◆	150	8⅝	101½	1995	1⅞/1¼	Mitsubishi Finance Int.
Nagase Finance Europe(a)◆	50	(a)	102	2000	2/1¼	Banque du Gothard Lux.
AUSTRALIAN DOLLARS						
Barclays Australia Int.(b)◆	75	15	101⅞	1993	1½/1	BZW
STERLING						
Bradford & Bingley B.S.(d)‡◆	50	1/16	99.80	1994	25bp	CSFB
D-MARKS						
WGZ International Fin.(b)◆	150	8	101	1992	1¼/¾	Trinkaus & Burkhardt
FRENCH FRANCS						
BSN(c)§◆	846	6.6	par	2000	2½/1½	Lazard Freres

‡Floating rate notes. §Convertible. ◆Final terms. a) Coupon pays 55bp over 6-month Libor for 2 years, then 9.1% (annually) thereafter. Call Feb. 1992. b) Non-callable. c) FFr846m international tranche of FFr3.3bn issue. d) First month coupon, based on 1/16 over one-month Libor, thereafter three-month Libor. Call on coupon dates at par from May 1992. Fungible with £150m floating rate note launched in May 1989 from 28 Feb.

Volume on Matif surges by 56%

THE VOLUME of options and futures transactions on France's Matif exchange rose by 56 per cent to 26m lots last year, Reuter reports.

French government bond futures and options remained the exchange' s mainstay, but full-year trading on the Pibor three-month interest rate futures and CAC-40 stock index futures contracts played a significant part in boosting volume.

Volume on bond futures rose 21.4 per cent to 15m lots, while options on the contract, which began trading in January 1988, more than doubled to 7.15m.

The Pibor notched up 2.3m contracts last year.

Matif only competes directly with Liffe, the London international financial futures exchange, on a three-month Euromark futures contract. It chalked up 613,748 lots in 1989 compared with Liffe's 951,634.

The commodity futures contracts organised by Matif proved a drag on its growth in 1989. Volume on white sugar futures was down 9 per cent. Matif is planning to push the contract more aggressively this year, and, as a first step, has announced a cut in transaction fees.

Czech bank joins Visa card payment network

By David Barchard

ZIVNOSTENSKA BANKA has become the first Czechoslovak bank to join the Visa plastic card payment network.

Visa International said yesterday that this was the first time that a Czechoslovak bank had joined an international plastic card payment system.

Czechoslovakia has until now been largely untouched by the plastic card industry, unlike most of its neighbours, including the Soviet Union, where Visa, MasterCard and American Express have all developed links with the local banking system.

Mr Joao Ribeiro da Fonseca, chief general manager of Visa's European region, said: "Visa's breakthrough into a new Eastern European market is extremely encouraging.

"It proves yet again that Visa is the international currency crossing political and economic barriers," he said.

Zivnostenska Banka is Czechoslovakia's oldest retail and merchant bank, and was established in 1868.

The bank plans to launch a Visa Class card and a Business card in the middle of next year. Customers will be expected to have a regular income in hard currency.

Turkish European bank is given final approval

By Jim Bodgener in Ankara

TURKEY'S latest institution geared towards the European community is the European Turkish Merchant Bank, based in Istanbul: final approval for its establishment was granted yesterday.

Half the bank's starting capital of Turkish lira20bn ($8.7m) is paid up. The bank's shareholders are Banque Indosuez (40 per cent), Generale Bank and Amro Bank (25 per cent each), and Société de Belgique with the remaining 10 per cent.

The new institution will act mainly as a merchant bank for investors from Japan, the US and Europe – especially from France, Belgium and the Netherlands – interested in the Turkish market.

The bank said yesterday that the three largest shareholders all had industrial shareholders which might be interested in investments or company purchases in Turkey.

Long gilts slide on fears that reverse auction is to be cancelled

By Martin Dickson in London and Roderick Oram in New York

GOVERNMENT BONDS

UK GOVERNMENT bond prices fell sharply yesterday in reaction to a report that the Bank of England had decided to cancel a new year reverse auction of gilt-edged stock.

The market closed 15/32 of a point down at the long end in light trading, despite an attempted afternoon rally. Dealers said the Bank of England had been buying gilts during the morning.

At the close, the benchmark 11¾ per cent Treasury Stock due 2003/07 was quoted at 109 15/32, down 15/32 compared to Friday's close, for a yield of 10.38, up from 10.27 at the end of last week.

The main factor behind the weakness was a report in the Financial Times on the cancellation of the reverse gilts auction and possible changes in the operation of the Government's monetary policy.

Analysts said they expected the cancellation of the auction to lead to a flattening of the yield curve, with yields at the long end rising, rather than those at the short end falling.

They argued that the Government's buying policy had been supporting gilt prices at the long end and the removal of this technical prop would bring prices down.

The cancellation of the auction also supported speculation that the Government might return to the market as an issuer of gilts towards the end of the financial year that starts in April.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	103-15	-7/32	11.94	11.73	11.97
		9.750	1/98	94-21	-17/32	10.78	10.59	10.89
		9.000	10/08	92-12	-31/32	9.90	9.69	9.85
US TREASURY *		7.875	11/99	99-00	-8/32	8.02	7.90	7.81
		8.125	8/19	100-09	-12/32	8.10	7.97	7.88
JAPAN	No.111	4.800	6/99	93.0428	-0.394	5.95	5.72	5.38
	No 2	5.700	3/07	98.7139	-0.510	5.85	5.66	5.44
GERMANY		7.000	9/99	95.4000	+0.200	7.56	7.35	7.26
FRANCE	BTAN	8.000	10/94	91.7904	-0.086	10.24	10.02	9.53
	OAT	8.125	5/99	91.1700	-	9.56	9.35	9.02
CANADA *		9.250	12/99	96.5000	-0.400	9.80	9.62	9.71
NETHERLANDS		7.250	7/99	94.1750	-0.075	8.15	7.88	7.78
AUSTRALIA		12.000	7/99	94.7072	-	12.98	12.86	13.15

London closing. *denotes New York close
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

■ CONTINENTAL bond markets were little affected by the weekend devaluation of the Italian lira against the European currency unit, which was seen as largely technical.

In West Germany the market dipped at the opening, down 50-60 pfennigs from Friday's fixing, but then recovered.

It stood 40-50 pfennings down at yesterday's fixing, and in the afternoon prices recovered up to 20 pfennigs, thanks mainly to news of the cuts in US prime rates. Demand was moderate.

In late trading, the 7¼ per cent Federal government bond due 2000 was quoted at 98.27-37. That compared to a fixing price of 98.12 yesterday and Friday's fix of 98.62. The 7⅛ due December 1999 was fixed at 97.33, compared to 97.75 on Friday, and quoted late yesterday at 97.48-58.

The futures market continued to worry about a tightening of the money supply in Germany and possible inflationary pressures from unions in the spring. The high on the March contract was 89.37 and the low 88.32.

■ A slightly bearish mood continued to dominate the US credit market yesterday, causing a minor erosion of prices particularly for longer maturity bonds.

The long overdue lowering of the prime rate to 10 per cent by many leading banks had no perceptible impact at the short-end of the market. The banks said they had delayed cutting the rate because their cost of funds had remained stubbornly high despite further easing of monetary policy by the Federal Reserve late last year.

The price of the Treasury's benchmark 30-year bond slipped steadily from the opening to stand 1/8 of a point down to 100 15/32 late in the session yielding 8.09 per cent. Medium-term maturities showed smaller losses while one and two-year notes were unchanged.

Treasury bills were virtually unchanged with the bond equivalent yield of three-month bills easing 0.01 of a percentage point to 7.76 and on six-month bills rising 0.02 of a point to 7.85 per cent.

The bearish trend revolves around fading hopes the Fed would ease again later this month. The problem lies with inflation which is likely to look stronger this month because of the impact of a severe winter on food, fuel and other cost of living components.

Moreover, economic growth in fourth quarter of last year is now likely to turn out slightly positive rather than stagnant or even a small decline, as originally expected.

The markets were slightly surprised that the Fed intervened in the markets during the morning by making three-day repurchases. The move was widely interpreted as technical rather than policy related. After the action, Fed funds slipped to 8⅛ from 8¼ per cent, which is seen as the Fed's current target for the key rate. It soon recovered to 8¼ per cent.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Mon Jan 8 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Jan 5: Index No.	Thu Jan 4: Index No.	Wed Jan 3: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (202)	952.34	-0.3	11.98	4.48	10.17	0.00	955.25	960.80	958.40	806.94
2	Building Materials (27)	1169.06	-0.2	13.47	4.83	9.26	0.00	1171.02	1181.09	1188.21	968.34
3	Contracting, Construction (36)	1606.27	-0.4	15.75	4.91	8.33	0.00	1612.87	1621.44	1602.28	1582.41
4	Electricals (10)	2705.79	-0.7	9.98	4.60	12.59	0.00	2723.67	2751.15	2737.19	2361.14
5	Electronics (30)	2024.49	+0.2	9.82	3.61	14.25	0.00	2020.80	2025.67	2024.97	1909.41
6	Engineering-Aerospace (8)	485.01	-1.3	12.40	4.55	9.96	0.00	491.52	495.50	495.33	0.00
7	Engineering-General (44)	500.95	-0.1	11.23	4.69	10.74	0.00	501.70	502.82	499.42	0.00
8	Metals and Metal Forming (6)	504.46	-0.9	23.37	5.96	4.83	0.00	509.22	515.57	502.25	463.29
9	Motors (16)	399.28	-0.2	13.32	5.28	8.80	0.00	399.95	403.98	401.51	265.73
10	Other Industrial Materials (25)	1759.81	-0.3	9.54	4.09	12.18	0.00	1765.99	1773.27	1774.64	1353.52
21	CONSUMER GROUP (180)	1348.69	-0.3	8.44	3.52	14.83	0.00	1352.80	1354.22	1357.03	1042.57
22	Brewers and Distillers (22)	1550.08	+0.4	9.25	3.39	13.44	0.00	1543.71	1543.62	1556.79	1133.54
25	Food Manufacturing (19)	1170.67	-0.9	9.28	3.77	13.38	0.00	1181.56	1177.11	1184.41	945.48
26	Food Retailing (16)	2332.56	-0.2	8.81	3.24	14.73	0.00	2337.48	2346.16	2341.88	1830.30
27	Health and Household (13)	2753.07	-1.2	5.69	2.38	20.94	0.00	2786.41	2795.49	2778.35	1846.42
29	Leisure (34)	1700.06	+1.0	7.86	3.48	15.67	0.00	1682.94	1686.27	1695.59	1369.56
31	Packaging & Paper (15)	585.29	-0.4	11.39	4.93	11.03	0.00	587.62	588.58	576.42	540.73
32	Publishing & Printing (17)	3804.25	-0.6	8.27	4.61	15.62	0.00	3828.92	3853.61	3812.43	3297.11
34	Stores (31)	833.60	......	10.54	4.51	12.36	0.00	833.69	831.92	844.66	698.74
35	Textiles (13)	550.13	-0.3	10.51	5.45	11.54	0.00	551.80	554.37	546.29	481.53
40	OTHER GROUPS (103)	1222.22	-0.5	10.48	4.47	11.43	0.00	1228.94	1233.46	1233.52	920.84
41	Agencies (16)	1606.66	-0.3	6.58	2.26	18.66	0.00	1611.08	1606.69	1582.34	1082.60
42	Chemicals (22)	1286.93	-0.7	11.78	5.00	10.01	0.00	1295.87	1298.50	1277.56	1067.45
43	Conglomerates (14)	1694.90	-0.2	10.71	5.16	10.93	0.00	1698.12	1699.92	1710.25	1294.48
44	Transport (13)	2407.81	-0.7	10.05	3.99	12.68	0.00	2425.92	2458.00	2432.07	1914.76
46	Telephone Networks(2)	1252.73	-1.2	10.14	4.09	12.83	0.00	1268.46	1280.73	1290.72	1022.81
47	Water(10)	1973.99	-0.5	17.65	6.86	6.27	0.00	1983.00	2011.56	2012.77	0.00
48	Miscellaneous (26)	1979.25	+0.1	8.95	4.19	12.60	0.00	1977.08	1973.25	1981.35	1195.31
49	INDUSTRIAL GROUP (485)	1226.16	-0.4	9.95	4.05	12.30	0.00	1230.82	1234.57	1234.94	963.97
51	Oil & Gas (15)	2414.34	-1.0	8.96	4.75	14.75	0.00	2437.71	2454.08	2474.96	1754.67
59	500 SHARE INDEX (500)	1325.87	-0.5	9.81	4.15	12.59	0.00	1331.98	1336.72	1338.65	1031.20
61	FINANCIAL GROUP (115)	864.19	-0.2	-	4.92	-	0.00	865.51	865.58	869.67	681.49
62	Banks (9)	893.15	-0.8	19.29	5.63	6.02	0.00	900.77	895.52	901.53	670.11
65	Insurance (Life) (7)	1467.72	+0.3	-	4.53	-	0.00	1462.79	1470.04	1484.67	943.72
66	Insurance (Composite) (7)	734.03	+0.9	-	5.15	-	0.00	727.44	732.41	750.99	531.11
67	Insurance (Brokers) (6)	1182.43	-0.3	4.28	5.33	21.19	0.00	1185.55	1194.74	1192.36	953.16
68	Merchant Banks (9)	501.45	+0.5	-	3.64	-	0.00	499.17	498.17	491.91	323.78
69	Property (49)	1238.96	-0.1	7.40	3.46	17.09	0.00	1240.41	1242.53	1231.81	1224.28
70	Other Financial (28)	349.33	-0.2	12.08	6.03	10.86	0.00	350.17	350.59	346.00	346.18
71	Investment Trusts (68)	1316.12	-0.1	-	2.75	-	0.00	1318.00	1323.81	1320.43	948.55
91	Overseas Traders (5)	1564.20	-1.3	8.83	5.06	13.02	0.00	1584.20	1592.41	1614.04	1301.62
99	ALL-SHARE INDEX (688)	1215.80	-0.4	-	4.22	-	0.00	1220.77	1224.52	1226.83	945.52

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 5	Jan 4	Jan 3	Jan 2	Dec 29	Year ago
FT-SE 100 SHARE INDEX‡	2431.3	-13.2	2445.6	2423.8	2444.5	2451.6	2463.7	2434.1	2422.7	1831.5

FIXED INTEREST

	PRICE INDICES	Mon Jan 8	Day's change %	Fri Jan 5	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	116.55	-0.15	116.98	0.25	0.25
2	5-15 years	129.06	-0.48	129.69	-	0.00
3	Over 15 years	138.29	-0.77	139.37	-	0.00
4	Irredeemables	157.01	-0.60	157.96	-	0.00
5	All stocks	127.49	-0.41	128.10	0.09	0.14
	Index-Linked					
6	Up to 5 years	141.41	-0.22	141.72	-	0.00
7	Over 5 years	140.63	-0.29	141.03	-	0.00
8	All stocks	140.57	-0.28	140.96	-	0.00
9	Debentures & Loans	106.11	+0.11	105.99	-	0.00
10	Preference	84.45	-0.02	84.47	-	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Mon Jan 8	Fri Jan 5	Year ago (approx.)
	British Government				
1	Low	5 years	10.27	10.18	9.43
2	Coupons	15 years	9.74	9.63	9.11
3		25 years	9.69	9.58	9.01
4	Medium	5 years	11.18	11.09	10.63
5	Coupons	15 years	10.17	10.08	9.69
6		25 years	9.82	9.74	9.24
7	High	5 years	11.34	11.24	10.86
8	Coupons	15 years	10.36	10.27	9.84
9		25 years	9.95	9.86	9.16
10	Irredeemables†		9.74	9.68	9.00
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.91	3.83	3.73
12	Inflation rate 5%	Over 5 yrs.	3.63	3.61	3.73
13	Inflation rate 10%	Up to 5 yrs.	3.05	2.96	2.54
14	Inflation rate 10%	Over 5 yrs.	3.47	3.44	3.57
15	Debs &	5 years	13.72	13.67	11.68
16	Loans	15 years	12.46	12.42	11.29
17		25 years	12.11	12.13	10.95
18	Preference†		10.93	10.93	10.41

‡Opening Index 2444.9; 10 am 2439.0; 11 am 2429.4; Noon 2430.9; 1 pm 2430.1; 2 pm 2430.1; 3 pm 2429.1; 3.30 pm 2431.4; 4 pm 2433.7 (a) 9 16am (b) 2.39pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p. NAME CHANGE: TR Australia Investment Trust (71) has become TR Far East Income Trust (3/1/90). CONSTITUENT CHANGE: Morgan Grenfell Group (68) has been deleted.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	92	6
Corporations, Dominion and Foreign Bonds	0	13	27
Industrials	369	408	830
Financial and Properties	143	162	388
Oils	21	33	39
Plantations	1	3	6
Mines	59	27	73
Others	39	125	80
Totals	634	863	1,449

LONDON RECENT ISSUES

TRADITIONAL OPTIONS

● First Dealings Jan 8
● Last Dealings Jan 19
● Last Declarations Apr 5
● For settlement Apr 17

For rate indications see end of London Share Service

Calls in Platignum, Early's of Witney, Tusker, Hollas, Claremont (UK), Sunleigh, Mayflower, Elliott (B), Devenish (J.A.), Williams Hldgs, Ward Hldgs, Tootal, Bunzl, Owners Abroad and FNFC. Put in McCarthy & Stone. Put and Call in Early's of Witney.

LONDON TRADED OPTIONS

The London Traded Options Market saw an active start to the week's trading, with volumes continuing the trend set by the first week of 1990. Total market volume yesterday was 25,983 contracts traded; of this total, 16,477 were calls and 9,506 puts.

The FT/SE Index Option saw a slow start to the week, trading 4,083 contracts, 1,797 calls and 2,286 puts. The busiest series in the FT/SE was January 2300 puts, which traded a total of 560 contracts.

The top stock option of the day was British Gas, which traded a total of 1,882 contracts, 997 calls and 885 puts. September 220 puts was the busiest series in the utility.

The second most active yesterday was British Aerospace, which traded 1,877 contracts divided between 1,366 calls and 461 puts. The busiest series in British Aerospace was May 550 calls, which traded 500 contracts.

Dixons traded the third highest volume of the day, with a total of 1,643 contracts. Calls totalled 858 and puts 785.

The most active Dixons series was September 140 calls, which traded 475 contracts.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*503)	460	48	72	77	1½	7	14
	500	16	41	50	8	20	28
	550	2	18	-	50	52	-
I.C.I. (*1180)	1150	50	82	114	13	45	58
	1200	18	50	85	35	70	79
	1250	7	32	-	75	102	-
Jaguar (*849)	800	52	52	52	½	½	½
	850	½	½	½	½	-	1
Kingfisher (*306)	300	14	31	37	6	11	19
	330	2	15	21	26	28	34
Ladbroke (*345)	330	-	36	43	-	10	16
	360	4	20	27	18	23	29
Land Secur (*539)	500	43	65	75	1½	8	13
	550	8	33	45	18	28	33
M & S (*210)	200	14	24	28	2	5½	8
	220	2½	11	14	11	14	15
	240	1	4	-	31	31	-
STC (*267)	260	14	25	32	6	16	21
	280	4	14	23	17	26	31
Sainsbury (*265)	260	11	23	28	5	8	10
	280	2	12	19	18	18	19
Shell Trans. (*479)	460	28	38	55	4	13	21
	500	5	18	30	25	40	45
Storehouse (*117)	110	10	17	21	3	7	9
	120	4	10	15	8	10	15

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Trafalgar (*375)	360	-	45	50	-	15	22
	377	13	-	-	15	-	-
Pilkington (*245)	240	15	28	30	7	12	16
	260	6	16	21	18	22	26
Prudential (*233)	220	20	25	32	4	8	10
	240	8	15	20	12	17	19
Racal (*251)	250	16	-	-	9	-	-
	260	-	25	30	-	20	25
R.T.Z. (*590)	550	-	70	87	-	17	22
	600	22	40	57	25	37	40
Scot. & New (*348)	330	33	50	58	9	14	25
	360	16	33	43	27	32	37
Tesco (*197)	180	22½	28	33½	2	4½	5½
	200	8½	15½	21¼	8½	12½	13½
	220	2½	7¾	-	24½	25½	-

Option		Calls Jan	Calls Mar	Calls Jun	Puts Jan	Puts Mar	Puts Jun
Abbey Nat. (*185)	180	7	14	19	2½	8	10
	200	3	4	9	17	20	22

Option		Calls Feb	Calls May		Puts Feb	Puts May	
Plessey (*268)	260	11	-	-	½	-	-
	280	¼	¼	-	-	-	-

Option		Calls Jan	Calls Mar	Calls May	Puts Jan	Puts Mar	Puts May
Ferranti (*32)	30	5	8	10	2	3	4½
	35	1½	4½	7½	4½	6½	7
Polly Peck (*415)	390	30¼	50¼	63¼	3½	14½	18¾
	420	10	32½	45½	16	27¼	32¼

Option		Calls Jan	Calls Mar	Calls May	Puts Jan	Puts Mar	Puts May
Thames Water (*158)	140	19	23	26	¼	2½	4½
	160	3½	10	15½	6	8	10
Thorn EMI (*803)	800	47	79	87	26	32	42
	850	25	50	-	54	59	-
TSB (*129)	120	13	18	22	3	7	8
	130	7	11	16	8	11	12
Vaal Reefs (*$115)	110	12	15	17	8	10	11½
	120	7	10½	12½	14	15½	17½
Wellcome (*773)	750	72	105	132	28	38	45
	800	44	75	105	54	62	70

FT-SE INDEX (*2434)

	2200	2250	2300	2350	2400	2450	2500	2550
CALLS								
Jan	256	205	156	113	71	39	19	8
Feb	272	225	180	140	102	70	47	28
Mar	291	246	205	165	129	96	70	49
Apr	-	-	226	168	152	120	93	69
Jun †	338	-	259	-	198	-	130	-
Dec †	390	-	345	-	275	-	230	-
PUTS								
Jan	2½	3½	6	13	22	41	73	118
Feb	9	13	19	28	40	60	90	125
Mar	16	22	30	39	53	73	101	133
Apr	-	-	37	49	64	82	110	141
Jun †	30	-	48	-	78	-	123	-
Dec †	60	-	90	-	120	-	170	-

January 8 Total Contracts 25 983
Calls 16,477 Puts 9,506
FT-SE Index Calls 1797 Puts 2286
*Underlying security price. † Long dated expiry months.

Acquisitive Ellis & Everard advances 54% to £7.8m

By Vanessa Houlder

ELLIS & EVERARD, the chemical distributor, yesterday announced a 54 per cent rise in pre-tax profits from £5.04m to £7.78m for the six months to October 31.

It also announced a £4.5m acquisition of the Peter Geekie Group, a distributor of swimming pool equipment. A further consideration of up to £3.5m will be paid depending on profits over the next two years.

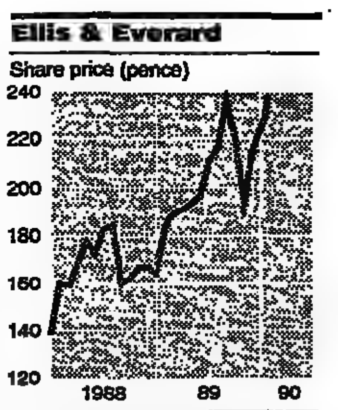
Negotiations on acquisitions in the UK, US and continental Europe were at various stages of progress, the company said.

Mr Simon Everard, chairman, was confident that 1990 would see some, if not all, of the approaches brought to a successful conclusions.

The company is seeking to expand its geographical base in the US, where it distributes commodity chemicals. It is also continuing to expand its speciality chemical business in the UK. In addition, it is looking for acquisitions in continental Europe in order to provide better coverage for its suppliers.

Ellis & Everard

Share price (pence)



Group sales increased by 59 per cent to £143.2m (£89.9m). In the UK, there was a 16 per cent increase in sales, half of which was due to acquisitions. In the US, sales were sharply higher, mainly due to acquisitions. The increase came chiefly from United and Pioneer in the US and from Dimex in the UK.

The company warned that there were prospects of some deflation in prices and lower levels of industrial activity in the UK and US.

However, it said that strong November and December sales demonstrated the strength of its customer base and the spread of its markets.

Earnings per share increased from 8.0p to 9.3p. A dividend of 2.2p was declared, an increase of 10 per cent.

● COMMENT

Ellis commands a premium rating thanks to its mature management, high quality earnings and good record with acquisitions. It has also benefited from a perception that chemical distributors come out on top in difficult times as hard pressed customers require smaller quantities than can be supplied directly by a manufacturer. That theory, which held true in the last recession, may again be put to the test. Some pressure on margins seems likely although so far, business has held up well in the second half. For the full year, analysts expect profits of over £15m, which put the shares, up 8p to 238p, on a p/e of 13. That seems sustainable, given the relative scarcity of the shares.

Specialeyes shares dive after profits warning

By John Thornhill

SPECIALEYES, the chain of retail opticians, quoted on the USM, lost almost a quarter of its stock market value yesterday after it announced that its interim results would show trading losses.

The group's share price tumbled 7p to 22p on the announcement. This compares with the 77p that the shares were worth when Specialeyes was floated on the USM in September 1988.

The extent of the company's losses will be revealed later this month. They were caused by a drop in demand following the withdrawal of the Government's eye test subsidy in April 1989, and by poor trading in the retail sector. Reorganisational costs incurred by the company's Dutch subsidiary were also a contributory factor.

Last September, Miller & Santhouse, a similarly fast-expanding style-conscious optician, also suffered a sharp fall in profits after the withdrawal of free eye sight tests. It was swallowed by Boots, the retail chemist, in a £14.5m takeover deal.

24% interim fall, yet full-year £70m estimate exceeds analysts' expectations

Dixons' forecast surprises City

By Maggie Urry

THE PROFITS forecast for the year to April 28 Dixons produced yesterday as part of its defence against the £568m bid from Kingfisher, the Woolworth, Comet, B&Q, and Superdrug retail group, roundly exceeded the figure analysts had been expecting.

While they had been forecasting pre-tax profits for the year of between £40m and £50m, Dixons reckons the outcome will be not less than £70m, compared to £78.4m in the previous year.

At that level, Dixons is forecasting earnings per share of 11p, which at the 120p-per-share price Kingfisher is offering would give a p/e of 10.9.

Furthermore Dixons is promising an 18 per cent increase in the final dividend to 5.6p.

Dixons also reported interim results for the 28 weeks to November 11 showing turnover up 2 per cent to £909.9m and pre-tax profits down by 24 per cent to £32m.

Earnings per share declined from 5.9p to 4.9p and the dividend is increased by 12 per cent to 1.6p.

Part of the reason for the discrepancy between analysts' forecasts and Dixons' full-year profits forecast is a £10m surplus from the group's extended warranty sales.

The extended warranty business began in July 1986 and the first policies are now running out.

Claims experience has been better than the group originally estimated, and on the basis of this, there is a surplus of £30m on the insurance fund, Dixons said.

Of this, £10m would be included in second-half profits.

The profits forecast also benefits from a pension fund holiday compared with a £3.3m charge last year, although Dixons could have declared a credit to profits because the pension fund is in surplus. It also includes a £1.1m profit from discontinued businesses, part of which is a profit on selling the businesses.

Another reason for the company's profits forecast being so high, was good Christmas trading.

Mr Robert Shrager, Dixons' finance director said that Christmas and New Year sales had been better than the group expected, with £60m of sales in the pre-Christmas week.

The high operational gearing inherent in retailing meant that these extra sales had a big impact on profits, Mr Shrager said.

Dixons' forecast includes a profit of £3m from its UK retail activities, where analysts had been forecasting a loss of about £10m.

Even so, this is a marked fall from the £30.1m profit the division achieved in the previous year.

In the interim figures, UK retail showed a £600,000 loss (profit of £17m).

The retail financial services business – which sells credit as well as the extended warranties – first-half profits of £14.6m (£6.5m) and is forecast to make a profit of £37m (£13.5m) for the year.

US retail made £600,000 (£4.4m) in the first half and is forecast to produce profits of £10m (£14.4m) for the year. Mr Shrager said the US business had been expanding rapidly – in the short term this had held back profits.

The group's property activities made an interim profit of £17.4m (£14.1m) and is forecast to make £20m (£20.4m) in the full year.

Mr Shrager said that out of the full-year profit only 13 per cent would come from the sale of freeholds of Currys shops – a response to Kingfisher's argument that Dixons' property profits are unsustainable on the grounds that they are over-dependent on selling the Currys freeholds.

ML expands 35% to £3.7m

By Clare Pearson

ML HOLDINGS, the aerospace, defence and electrical engineering group, yesterday announced a 35 per cent jump in pre-tax profits, from £2.73m to £3.7m, in the half-year to end-September.

The contract for JP233 bomb dispensers, once the core of ML's business, was substantially completed ahead of schedule during the period.

The group said the substantial growth of its commercial aerospace and component distribution activities had been achieved just as the prospects for defence contractors would appear to have declined. Defence was expected to account for only a third of group sales in the full-year.

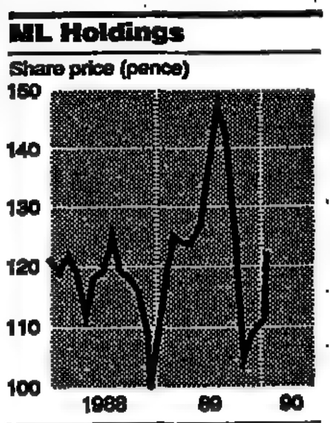
As a result of the termination of JP233, some 300 employees left towards the end of last year, Mr Peter Pollock, chief executive said.

The ending of the contract also released for sale a freehold site at White Waltham in the Thames Valley. ML expected this sale to reduce its gearing to negligible levels.

On other defence operations, Mr Pollock said the outlook for ML's counter-insurgency and anti-terrorist products was sound. He added it seemed likely that production of the European Fighter Aircraft would go ahead; ML was bidding for work on the project as part of a consortium.

ML Holdings

Share price (pence)



On the non-defence aerospace side, the combination of ML Douglas and two acquisitions gave the group a leading position in the European aircraft and cargo handling market. More acquisitions were being sought.

Component distribution businesses, accounting for about 25 per cent of sales, did well and the outlook was improving.

Last month EB Signal exercised an option to buy ML's railway signalling operations for £1.5m, plus £4.3m for settlement of inter-group debt.

Earnings per share grew 32 per cent to 4.74p (3.6p) and the interim dividend is lifted by 18 per cent to 0.85p (0.72p). Turnover was ahead from £49.02m to £58.43m.

● COMMENT

ML has not merely suffered, along with other defence-related companies, a fall from favour in the face of recent peace initiatives, it has also had to contend with concerns about what would happen to it as a small company when JP233 ran out. A confident-sounding statement, including the news that commercial aerospace activities would account for about 45 per cent of group sales during the current year, did wonders for the share price yesterday which, after a period of weakness, rose 11p to 122p. The shares, now part of the newly-formed engineering-aerospace subsection of the FT-A All-Share Index, still stand on a prospective p/e of only about 9, assuming the company makes about £10.5m pre-tax profits in the full-year. However, given that it is now in a period of such substantial change, such a rating is not unreasonable.

STC moves into Spain through joint venture

By Michael Skapinker

STC, the British electronics group, has set up a joint venture with Radiotronica of Spain to provide telecommunications technology to the Spanish market.

Radiotronica is a subsidiary of Banco Espanol de Credito (Banesto), the Spanish industrial group. The joint venture company, to be called RSTC, will be a 50-50 partnership between STC and Banesto.

Mr Roger Wood, managing director of STC Telecommunications Systems Division, said the UK company was attracted by Radiotronica's experience in installing and maintaining telecommunications systems for Telefonica, the Spanish public network operator.

STC said that demand for new lines in Spain was running at over 1m a year. Telefonica is expected to invest more than £1.7bn a year in its network.

The deal is STC's second European telecommunications venture. In June last year the company announced an agreement with Société Anonyme de Télécommunications of France to tender jointly for telecommunications business.

In October 1989 STC's Submarine Systems Division signed a $40m contract with Telefonica to supply a new underwater telecommunications link between the UK and Spain. The Submarine Systems Division will continue to trade directly with Telefonica rather than through the joint venture.

Bemrose to restructure its US operations

By Clare Pearson

BEMROSE Corporation, the Derby-based security and calendar printer, yesterday said it was carrying out a shake-up of its US operations where a disappointing performance will lead to lower group profits in the current year.

Mr Robert Evans has resigned as president of Bemrose Yattendon Inc, the 50 per cent-owned US holding company, for which all management and marketing functions are now to be provided by Renaissance Publishing, its main operating arm.

Certain BYI subsidiaries are to be sold and those remaining will directly report to Mr David Wigglesworth, chief executive of Bemrose.

Bemrose Corporation's shares slipped 10p to 172p yesterday as analysts downgraded pre-tax profits forecasts for the year from £5.65m to about £4.6m. The final dividend is expected to be held at 7p, making 11.3p (11p) for the year.

This followed a statement that BYI, jointly owned with Yattendon Investment Trust, had suffered difficulties together with the UK consumer products operations.

The slowdown in the US economy, tighter credit conditions and expansion costs combined to depress the performance of BYI, which in the last financial year contributed £720,000 to group profits.

Mr David Tidmarsh has resigned from the board of Bemrose and as president of Renaissance, to be succeeded by Mr Jeffrey Meyer, formerly BYI's chief financial officer.

Sedgwick reorganises into four core businesses

By Patrick Cockburn

SEDGWICK GROUP, the largest insurance broker in Europe, is to reorganise into four core businesses: Sedgwick James, Sedgwick Broking Services, EW Payne Companies and Sedgwick Lloyd's Underwriting Agents.

Mr David Rowland, chairman, said that the aim of the reorganisation was to give clients a fully integrated global network.

In particular the creation of Sedgwick James will further integrate Fred S James, bought by Sedgwick in 1985 and the fifth largest US broker, into the Sedgwick Group. Previously Fred S James had operated as a largely independent entity.

Mr Rowland said the unification of Sedgwick's retail insurance business in Sedgwick James would give the group greater negotiating strength. He said that at first he did not expect the reorganisation to reduce expenses.

According to Mr Chris Poutain, insurance analyst at Morgan Stanley: "There is now one worldwide retail company which means it is better placed to handle multinational accounts."

The major insurance brokers in the UK have been heavily squeezed since the late 1970s when they lost their near-total control over wholesale broking in the London market.

Brokers worldwide have been hit more recently by low insurance premiums and the tendency of risk managers of large companies to cut out brokers.

● Insurance companies in Pennsylvania will from the beginning of February be able to carry on business in the UK under the terms of the 1986 Finance Services Act, provided they join the appropriate self-regulating organisation. Pennsylvania is the first US state to become "a designated territory" under the terms of the act.

DIVIDENDS ANNOUNCED

Carclo Eng	int	1.55	Mar 3	1.35	-	5.9
Cooper Clarke §	int	1.5	Apr 5	-	-	-
Dixons	int	1.6	Mar 5	1.43	‡	4.73
Ellis & Everard	int	2.2†	Mar 9	2	-	6.3
Goode Durrant	int	2.15†	Feb 15	1.75	-	4.5
Irish Cont'l Φ	fin	1.9◆	-	1.676	1.9	1.676
Jersey Electric	fin	18*	-	18	27	25
ML Holdings	int	0.85	Apr 2	0.72	-	2.85
Neepsend	int	0.5	-	0.4	-	1.2
Tomkins	int	2.7	-	2	-	6.75
Treatt §	fin	2.25	Apr 10	-	3.25	-
Wheway	fin	2†	Apr 2	1.7	3	2.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ΦThird market. ‡Total of at least 5.6p forecast. ◆Irish pence. *Gross throughout.

SeaCon seeks finance details of its predators' bid

By Andrew Hill

The war of words in the eight-month-old bid for Sea Containers intensified yesterday as the ferry and container company asked Tiphook, a UK container rental group, and Stena, a private Swedish ferry operator, to explain the financing of their $1.12bn hostile bid.

The target company also asked the predators to identify the Sea Containers shareholders backing their attempt to requisition a special meeting of the Bermuda-registered company and elect a sympathetic slate of directors.

Sea Containers has called a special general meeting on February 24 for shareholders to vote on the single issue of its defensive recapitalisation plan – a $70-per-share tender offer for Sea Containers' own equity, to be funded by a $1.1bn programme of asset disposals.

At a meeting of analysts in New York yesterday, Sea Containers outlined some of the financial effects of the defensive plan over the next two to three years, forecasting a buoyant short-term future for its Sealink British Ferries subsidiary which it said was increasing market share. The group also confirmed that shareholders would receive the tender offer payment on March 16.

Separately, Sea Containers has blamed Tiphook and Stena for the delay in setting a date for its annual meeting.

Tiphook and Stena are to appeal against last November's unfavourable court decision – which allowed Sea Containers' subsidiaries to vote their crucial 25 per stake in the parent company – at a special session of the Bermuda Court of Appeals. The hearing will begin on January 22 and the predators are hoping for a decision before the February 24 shareholder meeting.

Lovell acceptances

YJ Lovell held 13.4 per cent of Higgs and Hill's shares at the second closing date of its bid for the housebuilding and construction concern. This is slightly below the first closing figure as a result of the withdrawal of acceptances for about 35,000 shares.

BET pushes up Hestair stake to controlling 52%

By Clare Pearson

BET, the services group, has won control of Hestair, the personnel services and consumer products company, lifting its holding to 52 per cent of the shares.

Hestair's board had earlier recommended the £192m bid. BET now speaks for a total of 30.56m Hestair shares.

Last Thursday BET pushed its stake to 29.9 per cent after Adia, the Swiss-based personnel services concern, said it would not be increasing a rival and lower offer, and handed over its 6.6 per cent holding.

But BET then had to wait for the expiry of the period during which the US anti-trust authorities might have objected to the acquisition before it was allowed under UK takeover rules to buy more shares. This came over the weekend.

BET has now waived all conditions of its 325p per share cash offer, aside from the satisfactory completion of paperwork associated with its share purchases.

The share and loan stock alternatives remain subject to certain technical conditions.

Wassall extends hostile bid for Metal Closures

By Andrew Hill

Wassall has extended its hostile bid for Metal Closures Group, the packaging and printing group, until Friday.

The mini-conglomerate, which has interests in luggage and office furniture, said it owned or had received acceptances representing 30.68 per cent of the target's equity.

However, that includes a 29.9 per cent stake owned by Suter, the industrial holding company, which has already been committed to Wassall's 160p cash alternative.

MCG advised its shareholders yesterday to continue to reject the cash-and-shares bid, which is worth 200p against the target's share price of 188p, down 4p.

The group will make a further statement today.

Wassall's shares have risen sharply in thin trading since the bid was launched at the end of November, from 180p to yesterday's unchanged closing price of 215p.

The strong performance of the shares has added about £9.4m to the original value of the cash-and-shares bid, which is now worth £51.6m.

Stanco name change

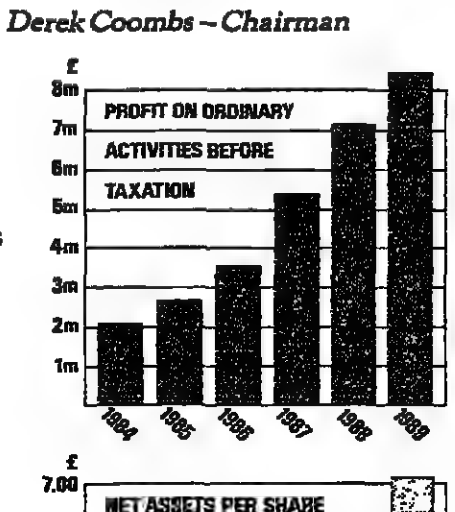
Stanco Exhibition Group has changed its name to Westport Group to reflect expansion beyond its traditional exhibition base into a marketing services group.

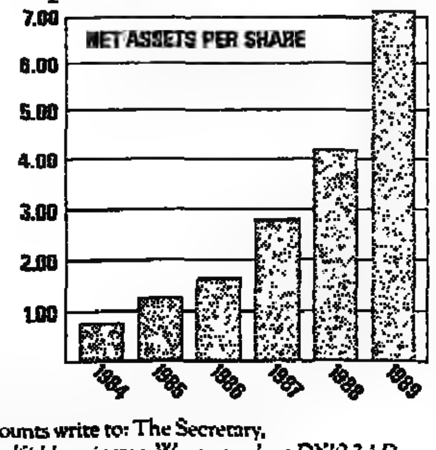
Hardanger Properties PLC

"... for the 11th successive year a significant increase in pre-tax profits, from £7.04m last year to £8.37m this year."

Derek Coombs – Chairman

The Balance Sheet has been substantially strengthened as a result of our continuing policy of selective retention of investment properties and the net asset value is now £53m, an increase of 68% on the previous year. The measure of any good organisation is its ability to continue its profit progress in a bear market as well as in boom conditions. In a perceived slow-down, new opportunities present themselves and that is why we are confident that our profit growth will continue. Shareholders should therefore be able to look forward during 1990 to increased profits, increased dividends and a further significant increase in net assets.





From the 1989 Annual Report:

☐ PROFITS UP 19%
☐ NET ASSETS UP 68%
☐ DIVIDEND PER SHARE UP 25%
☐ EPS UP 29%

For a copy of the 1989 Annual Report & Accounts write to: The Secretary, Hardanger Properties PLC, Minster House, 8 Church Street, Kidderminster, Worcestershire DY10 2AD.

This advertisement has been approved by Stoy Hayward who are authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343	295	Ass. Brit. Ind. Ordinary	342xd	0	10.3	3.0	9.2
38	25	Armitage and Rhodes	25	0	-	-	-
210	149	Bardon Group (SE)	177xd	0	4.3	2.4	17.2
125	102	Bardon Group Cv Pref (SE)	111	0	6.7	6.0	-
123	74	Bray Technologies	77	-1	5.9	7.7	6.8
110	97	Bremhill Conv. Pref	97	0	11.0	11.3	-
104	98	Bremhill 8¼% New C.C.R.P	98	0	11.0	11.2	-
310	285	CCL Group Ordinary	308xd	0	14.7	4.8	3.8
176	168	CCL Group 11% Conv.Pref	170	0	14.7	8.6	-
225	140	Carbo Plc (SE)	212	0	7.6	3.6	12.5
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	-
7.5	1.5	Magnet Gp Non-Voting A Cnv*	1.5sus	0	-	-	-
5	0.75	Magnet Gp Non-Voting B Cnv*	0.75sus	0	-	-	-
130	119	Isis Group	120	0	8.0	6.7	6.9
145	58	Jackson Group (SE)	108	0	3.6	3.3	12.6
322	261	Multihouse NV (AmstSE)	275	0	-	-	-
158	98	Robert Jenkins	149xd	0	10.0	6.7	5.4
467	365	Scruttons	370	0	18.7	5.1	9.8
300	270	Torday & Carlisle	298	-1	9.3	3.1	10.4
117	100	Torday & Carlisle Cnv Pref	104	0	10.7	10.3	-
122	75	Trevian Holdings (USM) SE	80xd	0	2.7	3.4	8.6
160	106	Unistrut Europe Conv Pref	160	0	9.3	5.8	-
395	353	Veterinary Drug Co PLC	353	-2	22.0	6.2	9.4
370	303	W.S Yeates	303	-2	16.2	5.3	25.3

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The ISE. Other securities listed above are dealt in subject to the rules of TSA

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Springs arm drags Carclo down 9%

By Vanessa Houlder

CARCLO ENGINEERING Group, the diversified engineering company, yesterday announced a 9 per cent fall in pre-tax profits from £4.33m to £3.96m for the six months to September 30, after a sharply reduced contribution from its Woodhead springs division.

Carclo said it was putting the Woodhead springs and forgings business, which was acquired in 1986, up for sale. It is the leading automotive spring manufacturer in the UK but is unlikely to meet the growing demand from manufacturers for single-sourcing of components throughout the world. The division reduced profits by 55 per cent to £594,000.

General engineering and wire increased profits by 22 per cent to £1.14m and 75 per cent to £1.21m respectively. Profits in card clothing were flat at £1.7m reflecting more difficult trading conditions in many of the world's textile markets.

Mr Ewart said that the order book of the three traditional divisions was good but this year's results would continue to be affected by Woodhead's problems.

After the adoption of SSAP 24, there was a pension charge of £79,000 compared with a restated net charge of £64,000 for the same period last year. The unexpectedly low level of this charge resulted from an actuarial revaluation of its pension fund. The company had expected a £1.4m increase in its pension charge this year.

Overall, turnover increased by 5 per cent to £55.36m. Earnings per share fell by 8 per cent to 6.6p. An interim dividend of 1.55p (1.35p) is declared.

● COMMENT

Carclo can thank its actuaries that these results were no worse than expected. It had braced itself for a heavy blow from SSAP 24 but the discovery of a significant pension surplus meant that the new accounting standard could be taken easily in its stride. This lower-than-expected charge masked a disappointing performance from Woodhead, although the three traditional divisions performed creditably. Looking ahead, Carclo's profits should benefit from the sale of Woodhead – the interest on the proceeds are likely to exceed the profits it might have made. An outcome of about £7.8m is expected for the full year, which puts the shares, up 4p to 125p, on a multiple of 9.5. That may seem unalluring but the shares are supported by a generous yield of about 7 per cent. The shares may mark time, however, until there is some good news about the Woodhead disposal.

Goode Durrant improves 32% to £6.7m

By Ray Bashford

GOODE DURRANT, the industrial and financial management group, lifted pre-tax profits 32 per cent from £5.47m to £6.7m during the six months to October 31.

The results were announced as uncertainty continued about the intentions of Winnedael, a private investment company which is the biggest shareholder with 19.8 per cent of the capital.

The improvement, which came from turnover up from £109m to £141m, was due primarily to a stronger return from the vehicle and equipment hire operations, although all other parts of the business made slightly increased contributions.

Following a period of sustained investment in vehicles and hire equipment, the division made pre-tax profits of £2.03m (£985,000).

Another three businesses were acquired late last year as part of a £32m investment programme in the division. Mr Michael Waring, chairman, said result from these purchases would be reflected in the annual figures.

The motor distribution business encountered tougher trading conditions but managed to lift the return to £1.3m (£1.29m). Goode Durrant, a Ford distributor, has reorganised the division's management as part of an effort to lift the performance.

Mr Waring said that housebuilding operations in the north-west of England helped offset the impact of reduced profits in the south-east where conditions remain difficult. Overall margins were lower than the 20 per cent achieved in the previous corresponding half.

Higher interest rates benefited the banking and finance division with the contribution rising to £1.2m (£811,000).

The interim dividend is increased to 2.15p (1.75p). The improvement in the earnings per share matched the rise in pre-tax profits and stood at 8.5p (6.5p) a share.

Treatt beats prospectus expectations with £1.4m

TREATT, the Suffolk-based essential oil and aromatic chemical supplier, unveiled pre-tax profits of £1.37m for the year to September 30 – slightly exceeding the forecast made last June in the USM flotation prospectus.

Mr Geoffrey Bovill, chairman, said research and development would continue to focus on widening the product range.

The outcome – a rise of 24 per cent on the previous year – was posted on turnover of £11.96m (£10.32m). Net profit margins improved from 10.7 per cent to 11.4 per cent.

After tax of £894,487 (£716,272), earnings per 10p share were up from 7.96p to 9.82p.

A proposed final dividend of 2.25p makes a total of 3.25p for the year.

However, Mr Bovill warned that sales for the first three months of the current year had been disappointing, reflecting customers' de-stocking and lower sales of orange oil.

Riva sells Hugin Sweda trading subsidiaries

By Andrew Bolger

RIVA GROUP, a supplier of electronic-point-of-sale equipment, has sold the trading subsidiaries of the Hugin Sweda Group in Mexico, Venezuela and Canada.

Riva bought Hugin Sweda, a troubled competitor in the same sector, in September for £3m. It has sold the subsidiaries for $8m (£5m) and the repayment of borrowings of £2.2m.

The purchaser was Sweda Group Incorporated (SGI), which formerly conducted the trading operations of Hugin Sweda in the US and was purchased from Hugin Sweda by Mr Andrew Oung last August.

As part of the deal, SGI has been granted a non-exclusive licence to manufacture certain Hugin Sweda products and has agreed to purchase $2m-worth of products from Riva during 1990.

The disposals will reduce Riva's group borrowings to about £8m.

British Vita expands with £3m French acquisition

By Andrew Bolger

BRITISH VITA, the Manchester-based polymer, foam and fibre group, has paid just over £3m for a French manufacturer of technical thermoformed and industrial lighting components.

Vita has acquired all the issued share capital of SMD Industries, a private company which is the parent of the manufacturer, Roon.

Roon, based at Gisors, north-west of Paris, has an annual turnover of approximately £9m and net tangible assets of £1.3m. The acquisition is subject to approval by the French Government.

Mr Richard Donnell, managing director of Vita's Royalite European operations, said: "The expertise of Roon in injection and compression moulding, thermoforming, and rigid sheet production of polymeric materials combines well with the group's existing capabilities, and provides the opportunity to further expand the group's European engineering thermoplastic sheet business."

Mr Rod Sellers, Vita's finance director, said the group's five other factories in Europe were this year responsible for a turnover of £70m in thermoplastics, out of total group turnover of about £600m.

In all, two thirds of Vita's turnover and profits now came from continental Europe.

Wates City

Wates City of London Properties is forming a joint venture with Kowa Real Estate Investment, including development of two existing properties in which Wates already has interests. Kowa will subscribe some £12.5m of additional equity into the subsidiaries owning the properties, and Wates will receive not less than £28m repayment of debt from those companies.

Audio Fidelity's reverse into Wharfedale given green light

By John Thornhill

SHAREHOLDERS of Audio Fidelity, the consumer products company, yesterday overwhelmingly supported the board's proposals for restructuring through an acquisition, rights issue and three disposals.

Audio Fidelity will now complete its acquisition of Wharfedale, the loudspeaker company, and raise £2.3m via a 5-for-3 rights issue to restore its eroded balance sheet. Stoy Hayward, the auditors, told shareholders that without some form of refinancing the company might otherwise be unable to continue trading after recording losses of £5.68m last year.

The company, which is changing its name to Wharfedale, has applied to be relisted on the Unlisted Securities Market. Trading is expected to begin today.

Several board changes will be made on the completion of the Wharfedale acquisition. Mr Iain Burton, chairman, and four other directors will resign. Three members of the management team that bought into Wharfedale in 1987 will join the revamped board and will play a prominent role in the enlarged company. Mr Keith Mellors is to become chairman, Mr Ashley Ward, chief executive, and Mr Brian Drysdale, finance director.

There was one final flurry of acrimony at the shareholders' meeting over the proposed disposal of Captain Billy's Music, the loss-making music publishing subsidiary, which Audio Fidelity bought for £1.5m in 1988 but agreed to sell to Mr Burton for a nominal £1.

One shareholder questioned the board about Captain Billy's financial record. Mr Stephen Goldberg, Audio Fidelity's chairman before he was dismissed last year, also weighed into the controversy and tangled with Mr Burton, his former business partner. But the resolution to dispose of the subsidiary was none the less approved.

British Gas names partners in joint US exploration

By Steven Butler

BRITISH GAS yesterday named BHP Petroleum, a subsidiary of Broken Hill Proprietary of Australia, and Atlantic Richfield (Arco), the US oil company, as its partners in joint venture oil and gas exploration in the US Gulf of Mexico and Gulf Coast areas.

British Gas said last month that it was nearing agreement on the two deals, which will involve about £70m of initial investment.

The ventures are British Gas's first exploration effort in the US. They are part of a broader strategy to increase revenue streams outside its core gas distribution business in the UK and will involve a drilling programme of about 20 wildcat exploration wells in the Gulf Coast area.

British Gas has now signed letters of intent for separate ventures with each company, but has not disclosed any further financial information about the deals.

British Gas will also participate in developing gas fields off the coast of Alabama with Arco.

The programme will be administered by British Gas via BG Exploration America, its Houston-based US subsidiary.

Allied Leisure's £13m Wimpy sale to GrandMet

ALLIED LEISURE plans to sell its 20 Wimpy restaurants to Grand Metropolitan's Burger King UK subsidiary for £13m cash, writes Andrew Bolger.

The restaurants will be converted into Burger King outlets.

Allied, which came to the USM in 1987 with 16 Wimpy franchises, intends to concentrate on ten-pin bowling centres, night clubs and restaurants.

It is expected that by the end of this year the continuing conversion programme of Wimpy counter-service restaurants will take the number of company-managed and franchised Burger King restaurants in the UK to more than 300.

Allied has now opened five ten-pin bowling centres under the Megabowl banner.

Flextech doubles

Flextech, the USM-quoted oil services group, continued its trend of improved profitability by doubling profits from a restated £1.03m to £2.21m in the six months to September 30 1989.

The company has clawed its way back from 1987-88 losses of £258,000 to profits of £2.58m in the year to March 31 1989.

Turnover in the period under review rose to £14.79m (£13.04m), with earnings advancing to 5p (2.2p) per share.

NEWS DIGEST

Reg Vardy motors to £2.3m

IN ITS first set of results since its placing on the main market last October, Reg Vardy, the north of England-based multi-franchise motor group, announced interim profits of £2.32m.

The taxable outcome, for the half year to end-October, compared with £2.09m at the same stage of 1988 and £3.81m for the 12 months to April 30.

Turnover rose to £63.8m (£47.56m), reflecting a significant increase in used car sales. Operating profits expanded 47 per cent on specialist cars and 11 per cent on volume vehicles. Earnings per share worked through at 6.16p (5.78p). The company intends to pay a dividend for the full year.

Jersey Electricity rises 42% to £7.2m

The Jersey Electricity Company lifted taxable profits by 42 per cent from £5.03m to £7.15m in the year to September 30. The company generated an improvement in turnover from £26.76m to £30.74m – a rise of 15 per cent.

The proposed final dividend is an unchanged 18p gross to make a total of 27p (25p) gross for the year.

Tax took £1.49m (£756,000).

CEI pays $3m for motion control group

Cambridge Electronic Industries has acquired, through its wholly-owned US subsidiary Tasc Drives, Control Products Group of Electrical South for $3m (£1.82m).

Control Products designs, manufactures and sells worldwide a range of AC invertors from Greensboro, North Carolina. In 1989 sales totalled $4.5m and trading profits were $400,000.

CEI said it had designated motion control as an area for growth and acquisition, based on the success of its UK subsidiary in the fields of eddy current and switched reluctance drives.

47% profit growth at Cooper Clarke

Cooper Clarke Group, a distributor of building products which joined the USM last September, has increased turnover 44 per cent and pre-tax profit 47 per cent in the half year ended October 31 1989.

Turnover reached £11.85m (£8.24m) and profit came to £598,000 (£406,000). With earnings at 6.68p (4.4p) the interim dividend is the forecast 1.5p.

Mr Robert Ashby, chairman, said progress was expected to continue throughout the second half; the period had started well with an increase in gross margins.

The group had continued to develop and expand the sales of a growing range of specialised building products.

Neepsend sharply ahead to £436,000

A drop in interest charges helped Neepsend, the Sheffield-based engineering, tool production and metal processing group, achieve a steep climb in pre-tax profits from £116,000 to £436,000 in the six months to September 30 1989. However, this followed a fall from £747,000 to £501,000 in the year to March 31.

Turnover was sharply down at £6.46m (£9.85m), leaving trading profit before exceptionals and interest at £565,000 (£322,000). Interest payable declined from £206,000 to £129,000. Tax took £112,000 (£23,000) and there was an extraordinary loss of £64,000 (nil).

Earnings rose to 2.12p (0.68p) per share and the interim dividend is raised to 0.5p (0.4p).

Irish Continental advances 81%

Irish Continental Group, the Dublin-based ferry operator, hoisted pre-tax profits by 81 per cent from I£823,000 to I£1.49m (£1.43m) in the year ended October 31 1989.

Tax charge was I£131,000 (I£41,000 credit) and earnings per 50p share came out at 8.2p (6p). The recommended dividend is increased from 1.6759p to 1.9p. The company's shares are traded on the Third Market.

Acquisitions help Wheway rise 51%

Helped by acquisitions, Wheway lifted its pre-tax profit by 51 per cent from £5.36m to £8.09m in the year ended September 30 1989.

The outcome came on turnover ahead 16 per cent to £90.1m (£77.85m). Earnings moved up to 10.74p (8.17p) and the final dividend is 2p for a total of 3p (2.2p). The group is engaged in engineering and forging.

Charter Consolidated makes three US acquisitions

By Kenneth Gooding, Mining Correspondent

CHARTER CONSOLIDATED, the UK industrial holding group which is part of a worldwide network of companies under the influence of Anglo American Corporation of South Africa, has spent more than $40m (£24.3m) on three US acquisitions for its Pandrol railway equipment subsidiary.

Mr Jeff Herbert, Charter's new chief executive, said the acquisitions should double Pandrol's annual sales and earnings – to about £80m and £10m respectively.

The deals would involve the outlay of roughly $15m cash, $15m in deferred payments while $10m would be financed by debt, Mr Herbert said.

Charter has acquired:

● A 75 per cent interest in Dapco Industries, which specialises in ultrasonic detection and analysis of rail flaws;

● 80 per cent of Jackson Jordan, a major supplier of rail tamping and switch grinding equipment;

● The 50 per cent it does not already own in Speno Rail Services, which contracts rail grinding services for railways throughout North America.

Jackson Jordan & Speno will be merged to form Pandrol Jackson, offering opportunities for rationalisation, said Mr Herbert.

COMMODITIES AND AGRICULTURE

World oil prices plummet after recent market rally

By Steven Butler

WORLD oil prices plummeted yesterday as the markets retreated swiftly following last week's rally, when North Sea Brent oil touched a four-year high.

Brent cargoes for February delivery finished the day off $1.55 at $20.10 a barrel. Gas oil, which began rising sharply early last December in response to cold weather in Europe and the US, also fell sharply. February gas oil futures at the International Petroleum Exchange in London finished the day off $13.75 at $191.50 a tonne.

The sell-off began late on Friday at the New York Mercantile and continued as trading opened in Europe. However, Nymex futures prices for West Texas Intermediate Crude registered big falls again yesterday, with the February contract off $1.14 to $21.94 in midday trading.

Traders said the fall represented in part a technical correction after the strong gains of last week.

However, there were fears that the price falls might continue becoming something more serious, unless recent weather and supply related problems persisted unexpectedly.

The onset of unseasonably warm weather in the US in recent days, following record cold in December, yesterday helped to depress the price of gas oil. It was last month's cold wave that led to the extraordinary advance in prices which reached a peak last week.

Many analysts have for some time believed the market would be over-supplied with crude oil in the first quarter of the year, given the high level of oil production put on the market by the Organisation of Petroleum Exporting Countries.

The Middle East Economic Survey, the Cyprus-based weekly, yesterday estimated that Opec produced 24m barrels a day in December. Even if Opec managed to cut production to a 22.5m b/d average in the first quarter of the year, this is expected to exceed demand by a considerable margin.

However, analysts have persistently under-estimated the strength of the market over the past year.

The world's largest oil companies are planning to boost spending on exploration and production by 10.5 per cent in 1990, according to an annual survey of more than 200 oil companies conducted by Salomon Brothers, the US-based stockbroker.

Spending outside the US is budgeted to increase by 12.6 per cent according to a sample of 65 companies while in Canada 85 companies plan a 12.0 per cent increase. A survey of 130 independent oil companies shows they plan an 11.7 per cent increase in the US.

Norway to freeze more salmon

By James Buxton, Scottish Correspondent

NORWAY is to freeze nearly 30 per cent of its 1990 production of farmed salmon in an effort to "restore the credibility of the Norwegian fish farming industry" which has been accused of dumping salmon on the EC market.

The freezing of up to 40,000 tonnes of salmon out of a total *projected output of 150,000* tonnes is linked to introduction of a levy on exported fresh salmon that came took effect yesterday.

The two measures should increase the price of farmed salmon in Europe to the benefit of producers in Scotland and Ireland as well as Norway. They follow a year of turbulence and depressed prices for European salmon farmers, caused by a sharp jump in output by Norway, the dominant European producer.

Norway has in effect been unable to sustain its official minimum export price of about NKr36 (£3.36) per kilogram, and Scottish salmon farmers have been paid about £1.15 per lb instead of £1.65 a lb, which is what the Norwegian farmgate price roughly translates to in UK delivered prices.

The European Commission is believed to be poised to open a formal investigation of allegations that Norway has been dumping salmon on the EC market.

The Norwegian Fish Farmers' Sales Organisation formally agreed last week to freeze the 40,000 tonnes and transfer these fish to the separate but related frozen salmon market. Norwegian exporters will be exploring new and traditional markets for frozen salmon in Japan and the US, where they will be competing with frozen Pacific salmon from North America.

Mr Odd Ustad of the Norwe*gian sales organisation said* Norway hoped to sell all the frozen salmon within the year. The organisation is to borrow up to NKr1.3bn (£120m) to finance freezing. It will also levy NKr5 per kilo of fresh salmon exported.

The two measures should produce an effective Norwegian minimum price of about NKr42 per kilo, he said. In a further move to reduce production, farmers producing more than 25 kilos of salmon per cubic metre of cage space will have to pay an additional levy of NKr5 a kilo. A limit of 300 tonnes of annual output per farm is to be set.

Mr Ustad said he hoped that the levy system would be suspended within about a year. "People have been accusing us of selling fish too cheaply: after this year they won't be able to claim that," he said.

Norway's output was between 110,000 and 115,000 tonnes in 1989, but would have *been higher if about 40,000* tonnes had not been kept in the cages to be harvested this year. Mr Ustad thought annual output would be about 150,000 tonnes both this year and next.

Netherlands fishermen in quota protest

By Laura Raun in Amsterdam

FISHERMEN in the Netherlands yesterday staged the biggest protest in recent memory against limits on their catch when about 75 fishing boats blocked the canal into Amsterdam port, halting as many as 20 large ships.

Cod fishermen were demanding the opportunity to fish for 22 days for fish not covered by European Community quotas, such as turbot and whiting.

The blockade spanned the three locks at the mouth of the North Sea Canal, which leads to Amsterdam Port, stranding 10 oil tankers and freight vessels by midday. Another five or 10 more ships were expected to be affected by last night, according to Amsterdam Port.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium	+9,325	to 66,825
Copper	+975	to 108,975
Lead	-325	to 22,950
Nickel	+300	to 6,798
Zinc	+8,500	to 87,075
Tin	+1,015	to 10,035

How food has changed the face of Europe

Ceausescu's downfall was due more to shortages than to his undemocratic excesses

FARMER'S VIEWPOINT

By David Richardson

HAD CEAUSESCU succeeded in delivering adequate supplies of consumer goods, especially food, to Romania's state-owned stores, he might be alive today, I believe. *It was hours of* queueing for the weekly meat ration and the distinct possibility that there would be none for tail-enders that ultimately led to the dictator's downfall. His personal excesses and the corruption of his government were of only secondary importance.

Admittedly, I last visited Romania only during the late seventies, but even then the problems were there for all to see. As a member of an official party inspecting farms, I was fed enormous meals of poor quality food while those who served it gazed longingly at my leavings.

Meanwhile, many food shops were virtually empty most of the time opening only when a new delivery had been made.

In those days, few were brave enough to complain to foreigners. But some did and it was clear from covert conversations that it would take only a spark of encouragement to inflame the Romanian people. Late last year, a shower of sparks from Poland, East Germany and Czechoslovakia provided the ignition and now the rest of Europe – and not just those countries alone – are attempting to come to terms with the new order.

For a while the liberated people of what used to be the Eastern Bloc will live on the euphoria of their new-found freedom and the fact that the food shops are still empty will be overlooked. Yet very soon they will expect to see regular fresh supplies and queues to disappear; these expectations, I suspect, will come far sooner than it will be possible for any *government to deliver*, let alone those as new as the ones in eastern Europe.

Governments composed largely of past dissident artists and poets with no experience of administration who have inherited the remains of inefficient failed bureaucracies, are hardly likely to produce the policies required to bring about the changes that will be called for with great speed. The danger of a backlash against the new leaders is therefore very real.

Indeed, Mikhail Gorbachev is currently suffering similar problems in the Soviet Union. For although he was the author of perestroika and although it is still Kremlin-controlled, it has still failed to bring about the promised improvements in living standards after five years.

As one disillusioned lady said to me in a Moscow food market last year: "What use is perestroika when I am still forced to queue for two hours for half a kilo of butter?"

Therefore, whichever way you shake the dice the fundamental problem of eastern Europe comes back to the non-availability of consumer goods and the greatest of these is food.

The speed of events in recent weeks has of course overtaken the West. But even before the latest dramatic happenings, the US was shipping pork bellies into Poland and the EC had dispatched cargoes of wheat, maize and beef free of charge to Gdansk. Presumably, similar aid will be offered to Romania and the rest now that officials have returned from their Christmas holidays.

As an aside, however, it should be noted that the EC's ability to respond to such needs will be limited by the availability of commodities surplus to domestic requirements. Europe's intervention stores for cereals, butter, beef and most other basics are – contrary to popular belief – almost empty at the present time.

Meanwhile, the new democracies of eastern Europe are also crying out for hard currencies with which to buy Western consumables, and here again the West has begun to respond. At the informal summit held in Paris on November 18, it was decided to set up a stabilisation fund for Poland of $1bn and a bridging loan to Hungary of the same amount.

Beyond that, however, the EC Commission, acting independently of the European Parliament and the Council of Ministers, as it apparently is permitted to do under Article 113, is proposing to give increased market access via the general system of preferences to Hungarian and Polish exports. Indeed, some of the measures have already come into force. However, almost the only goods which western Europeans are likely to want from eastern Europe are Polish pork and a range of various soft fruits.

Inevitably, EC farmers see this as a threat to their livelihoods. The commodities in question are made available on our markets at below the cost of western European production and therefore undermine profitability.

It seems to say the least illogical, that the Commission should be sending food aid from the EC to eastern Europe while at the same time encouraging those countries to export food to the EC – food which is desperately needed in the countries where it was produced, it must be presumed.

I am not, I should stress, objecting to western aid to help oppressed peoples. Indeed, I would regard it as irresponsible if we did not do all we can to secure the new democratic governments.

However, I am concerned that the EC's first knee-jerk reactions to events of recent weeks appear to contradict one another and that there seems little or no co-ordination of food aid from the West. For instance, when US pork goes to Poland and Polish pork is then exported to Britain, I begin to wonder who gains what.

Surely what is needed is an international effort to provide the goods, or the hard currencies with which to buy them, that are so desperately required in Bucharest, Prague, Warsaw and the rest. Failure to do so could lead to further unrest and a return to totalitarian rule.

Beyond that, it is clearly necessary that the countries concerned achieve food self-sufficiency as soon as practicable. They have the land, they have the labour, but as yet they do not have the technology or the infrastructure to grow, process and distribute it. That, as Gorbachev has discovered, takes time.

Meanwhile, eastern Europe will look first to western Europe for additional food supplies. When you consider the whole of the Continent rather than just its western edge, you find that instead of a surplus, there is a sizeable shortage of food.

For instance, the USSR alone has an annual shortfall of 80m tonnes of grain per year by its own officials' admission, equivalent to three times the EC's 1989 surplus. Further, that takes no account of the needs of Soviet satellites.

The events of the last few weeks have to my mind called into question the whole established order of world food markets and will force those negotiating commodity trade agreements like GATT to review their objectives. Always provided, of course, that liberalisation becomes a lasting feature of politics in eastern Europe.

Higher Indian tea output forecast

By K.K. Sharma in New Delhi

INDIA's Tea Board expects tea production this year to be above 720m kg compared with the estimated output of 690m *kg last year. The fall in production* by 11m kg last year compared with 1988 was due mainly to weather conditions.

The board expects export earnings to increase this year to Rs8bn compared with an estimated Rs6.5bn last year.

So far, shipment licences have been issued for 223m kg and the board expects exports of at least 215m kg compared with 221m kg last year.

Export earnings are estimated on an expected average sale price of Rs40 a kg against just under Rs30 a kg last year. Better prices are expected on higher Soviet demand.

The industry has been asked to maintain exports even though domestic demand is rising by 15 to 20 per cent yearly.

Brazil faces 10% shortfall in sugar crop

By John Barham in Sao Paulo

BRAZIL's current sugar harvest is likely to be almost 10 per cent below previous forecasts, adding to the gloom besetting the industry. Instead of an expected harvest of 227m tonnes of sugar cane, Brazil's plantations are now expected to harvest only 205m tonnes.

These figures, culled from reports by the sugar and alcohol industry's, government-sponsored body – IAA – which regulates the sector, were published by Gazeta Mercantil, a business newspaper. In spite of this year's disappointing harvest, the figures point to a crop recovery in the 1990-91 sugar year, which begins in May.

Recent heavy rainfall throughout Brazil may produce a harvest of over 270,000 tonnes next year. Brazil is struggling with a critical shortage of sugar-cane, which has led to a drastic decline in the output of alcohol, which fuels over a quarter of Brazil's cars. Queues for alcohol have begun forming outside fuel stations, reminiscent of the oil shortages of the 1970s.

The drop in cane output has helped force a rise in world sugar prices, which in turn encouraged many producers to export sugar instead of distilling alcohol for the domestic market. The IAA attributes declining cane output to two principal factors.

Unusually dry weather has reduced yields and increased crop damage from pests, leading to a decline in yields. Low prices, which are set by government decree, and a shortage of credit forced farmers to reduce spending on fertiliser and pesticides.

Some producers also replaced unprofitable sugar-cane with grains, further reducing cane output. Nonetheless, IAA officials suspect that the farmers are overstating their plight. One official even doubted the quality of the institute's data. "Everyone knows that a lot of sugar is smuggled out of the country and that there is a big black market in alcohol in the interior: our inspectors can't hope to monitor everything," he said.

● Brazil is closer to resuming methanol imports after the University of Sao Paulo reported that imported methanol can safely be added to Brazil's fuel supplies for up to six months.

E.D. & F.Man, the London trader, has sharply reduced its estimate for world sugar consumption in 1989/90, writes David Blackwell. It is now put at 107.96m tonnes, compared with an initial estimate of 109.5m tonnes.

This "significant reduction" follows a downward adjustment of 721,000 tonnes in the expected consumption by Asia to 36m tonnes, and of 390,000 tonnes in African consumption to 8.7m tonnes, according to Man's latest sugar market report.

In 1988/89, the overall rate of consumption growth fell to 0.67 per cent, according to Man. This was the smallest increase since 1980/81, when consumption fell as a result of the 1980 price explosion. "Current world market prices, although much lower than in 1980, have deterred offtake," it says.

Man has also revised downwards its production estimate for 1989/90, to 106.5m tonnes, compared with an earlier estimate of 107.1m tonnes.

● Matif, the French futures exchange, yesterday cut its *white sugar transaction fee to* FFr2 per contract from FFr11. Volumes in white sugar fell by 8.8 per cent last year to 321,463 contracts, after having declined by 27.4 per cent in 1988.

WORLD COMMODITIES PRICES

LONDON MARKETS

NICKEL *prices* closed at fresh two-year lows on the LME yesterday following a rise of 300 tonnes to 6,798 tonnes in LME warehouse stocks. Analysts said the market was on course to fall further unless there was some increase in first-quarter demand from steel mills. Nickel fell in spite of the weakness of the dollar against sterling – a factor which helped to boost the tin price. Tin was also supported by light European consumer offtake, although most major end-users still appeared to be on the sidelines, traders said. Copper prices were steady. The market still lacks fresh *bullish fundamental* factors and until there is some drawdown in large warehouse stocks or a pick-up in European consumer demand, very little upside price movement can be predicted, analysts said.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$17.05-7.20w	-1.40
Brent Blend	$20.05-0.15w	-1.85
W.T.I (1 pm est)	$21.59-1.62w	-2.02
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$224-226	-6
Gas Oil	$207-208	-21
Heavy Fuel Oil	$101-103	-5
Naphtha	$185-187	-8
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$404.75	
Silver (per troy oz)♣	529c	-1
Platinum (per troy oz)	$431.75	-1.00
Palladium (per troy oz)	$135.75	-0.65
Aluminium (free market)	$1605	-30
Copper (US Producer)	114½-118c	
Lead (US Producer)	39.5c	
Nickel (free market)	365c	-10
Tin (Kuala Lumpur market)	18.12r	+0.28
Tin (New York)	319c	+7
Zinc (US Prime Western)	70¾c	
Cattle (live weight)†	111.41p	
Sheep (dead weight)†	212.29p	
Pigs (live weight)†	*85.63p*	
London daily sugar (raw)	$341.4t	+4.2
London daily sugar (white)	$407.5t	+7.0
Tate and Lyle export price	£321	
Barley (English feed)	£119.0	+1.5
Maize (US No. 3 yellow)	£131	
Wheat (US Dark Northern)	£132	
Rubber (spot)♥	53.5p	-0.5
Rubber (Feb)♥	56.0p	-0.5
Rubber (Mar)♥	57.0p	-0.5
Rubber (KL RSS No 1 Feb)	224m	
Coconut oil (Philippines)§	$435t	
Palm Oil (Malaysian)§	$282.5	+12.5
Copra (Philippines)§	$260	
Soyabeans (US)	£168v	
Cotton "A" Index	74.35c	-0.65
Wooltops (64s Super)	573p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct. x-Dec/Jan. t-Jan/Feb. v-Jan/Mar. w-Feb. z-Jan †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	628	628	628 623
May	635	639	637 634
Jul	648	651	648 646
Sep	664	666	669 664
Dec	687	689	687 685
Mar	707	708	707 704
May	720	720	720 717

Turnover: 2220 (2187) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 8 743.80 (738.78):10 day average for Jan 8 734.65 (734.26)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jan	636	645	638 632
Mar	656	665	660 653
May	667	680	672 666
Jul	680	694	684 680
Sep	699	708	703 699
Nov	718	730	720 718
Jan	738	745	738 731

Turnover: 3616 (5862) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 5: Comp. daily 84.31 (84.60). 15 day average 82.68 (82.53)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	311.80	314.60	317.40 311.00
May	312.80	314.00	317.60 312.40
Aug	309.20	311.00	313.00 308.60
Oct	303.80	304.60	307.00 304.00
Dec	301.60	300.00	298.00
Mar	286.40	286.80	287.00 286.00
White	**Close**	**Previous**	**High/Low**
Mar	404.00	400.60	409.00 399.00
May	402.00	400.50	407.00 400.00
Aug	405.00	403.50	409.00 403.00
Oct	380.00	378.60	400.00 375.50
Dec	360.50	362.00	366.00 363.50
Mar	359.50	361.00	365.00 358.00

Turnover: Raw 3883 (2819) lots of 50 tonnes. White 2679 (1234)
Paris- White (FFr per tonne): Mar 2324, May 2326, Aug 2362, Oct 2224, Dec 2130, Mar 2115.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Feb	20.55	22.00	21.41 20.44
Mar	19.80	20.72	20.40 19.60
Apr	19.22	20.14	19.25 19.15
May	18.80	19.72	
IPE Index	21.79	21.57	

Turnover: 9486 (7505)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jan	208.00	225.50	218.00 207.00
Feb	191.75	205.50	199.00 191.00
Mar	175.00	184.00	178.75 174.50
Apr	167.00	173.50	169.50 166.00
May	165.00	169.50	166.00 164.50
Jun	165.00	175.00	166.00 165.00
Jul	164.00	172.75	165.00 162.50

Turnover 10394 (12434)lots of 100 tonnes

TEA

There were 22,299 packages on offer, including 2,000 packages offshore, reports the Tea Brokers' Association. Assams met more widespread competition with medium and better liquoring teas fully firm to *dearer. Plainest descriptions* attracted limited support and were easier where sold. There was less demand for Africans, bright liquoring sorts were easier towards the close while plainer teas lost 2-4p per kilo. Ceylons met a more selective enquiry at generally lower rates. There was very little interest in the offshore auction. Quotations: quality 220p (same), medium 160p (same), low medium 126p (same).

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 14,225 tonne
Cash	1609-11	1627-30	1607/1600	1606-7		
3 months	1612-4	1625-7	1620/1605	1607-8	1615-6	33,983 lots
Copper, Grade A (£ per tonne)						Ring turnover 34,075 tonne
Cash	1531-2	1530-2	1535/1530	1531-2		
3 months	1525-6	1527-8	1530/1521	1522-3	1529.5-30	66,348 lots
Lead (£ per tonne)						Ring turnover 8,675 tonne
Cash	438-9	434-5	438/432	434-5		
3 months	428-9	428-8.5	435/426	425-6	433-4	10,189 lots
Nickel ($ per tonne)						Ring turnover 1,218 tonne
Cash	7800-50	8075-100	7850/7825	7800-25		
3 months	7610-50	7800-50	7775/7625	7700-25	7610-25	6,270 lots
Tin ($ per tonne)						Ring turnover 865 tonne
Cash	6890-910	6790-810		6840-50		
3 months	7025-30	6910-20	7040/6930	6950-75	7010-20	5,305 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 15,300 tonne
Cash	1335-45	1345-50	1340/1335	1338-40		
3 months	1288-90	1295-300	1300/1285	1288-90	1295-300	15,344 lots
Zinc ($ per tonne)						Ring turnover 750 tonne
Cash	1330-40	1305-15	1330	1330-40		
March 30	1270-80	1260-70		1270-80		1,305 lots

LME Closing £/$ rate:
SPOT: 1.6525 3 months: 1.6255 6 months: 1.6006 9 months: 1.5800

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Apr	201.0	201.1	203.0 200.5
May	226.5	225.5	226.0 225.0

Turnover 136 (216) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Feb	139.00	139.50	139.00
Apr	138.50	139.50	139.00

Turnover 32 (55) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Jan	1682	1675	1685 1680
Feb	1636	1694	1700 1693
Apr	1703	1695	1705 1698
Jul	1440	1427	1439 1430
Oct	1555	1540	
BFI	1637	1619	

Turnover 474 (350)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Jan	113.50	113.85	113.50
Mar	117.00	117.40	117.20 117.00
May	120.75	121.10	120.90 120.75
Jun	122.40		122.40
Barley	**Close**	**Previous**	**High/Low**
Jan	111.40	111.60	
Mar	113.15	113.30	
May	115.25	115.40	

Turnover: Wheat 311 (186), Barley 20 (7).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	106.5	106.0	106.0
Apr	107.5	108.0	107.5 107.0
Jun	108.0	107.5	107.5

Turnover 108 (92) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	404½-405	244¾-245¼
Opening	403-403½	245¾-246¼
Morning fix	403.75	245.515
Afternoon fix	404.6	245.138
Day's high	405¼-405¾	
Day's low	402¾-403¼	
Coins	**$ price**	**£ equivalent**
Mapleleaf	413-418	250-253
Britannia	413-418	250-253
US Eagle	413-418	250-253
Angel	413½-418½	247½-250½
Krugerrand	403-406	244-246
New Sov.	95-97	57½-58½
Old Sov.	95-97	57½-58½
Noble Plat	497.65-506.55	301.7-306.6
Silver fix	**p/fine oz**	**US cts equiv**
Spot	320.50	528.00
3 months	332.30	538.90
6 months	344.00	549.85
12 months	366.85	571.90

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1500	121	122	6	17
1600	150	60	34	51
1700	14	24	96	112
Copper (Grade A)	**Calls**		**Puts**	
2350	176	165	32	74
2450	111	113	66	120
2550	65	74	118	178
Coffee	**Mar**	**May**	**Mar**	**May**
600	62	76	7	10
650	29	43	24	27
700	9	26	54	62
Cocoa	**Mar**	**May**	**Mar**	**May**
600	39	57	14	22
650	15	32	40	47
700	4	16	79	81
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
2000	46		84	
2050	30		117	
2100	17	26		

US MARKETS

In the metals prices fell slightly in the gold, silver and platinum despite a weak US dollar, reports Drexel Burnham Lambert. Local traders made up most of the days volume. Fund buying helped copper futures gain 185 basis March. The softs featured two-sided trading in the sugar. Coffee and cocoa futures both had slow sessions. The livestocks had a limit move in the bellies on carryover buying from last week. Hogs and cattle were local markets. The grains had another day of quiet action. Soybean futures posted a modest rally due to increased commission house activity. Commisision houses played both sides of the cotton market. Orange juice soared again to close up 1325 basis January. The energy complex was down sharply on massive liquidation. News that some refineries may be forced to lower prices prompted the heavy selling.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	403.0	405.3	404.7	404.7
Feb	405.0	408.5	407.6	404.7
Mar	407.2	410.9	0	0
Apr	410.0	413.5	412.6	409.5
Jun	414.9	418.4	417.2	414.6
Aug	419.5	423.0	421.2	420.6
Oct	424.3	427.8	0	0
Dec	429.2	432.6	431.4	429.6
Feb	434.3	437.7	436.5	436.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	485.1	491.8	491.5	484.0
Apr	492.2	499.8	499.0	490.2
Jul	499.2	506.8	505.0	497.0
Oct	507.2	515.3	514.0	512.0
Jan	515.2	522.8	519.6	518.6

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	524.4	531.8	0	0
Feb	526.9	534.4	0	0
Mar	531.0	538.5	537.7	530.6
May	539.1	546.6	545.6	538.5
Jul	547.0	554.5	552.0	546.0
Sep	555.2	562.7	560.5	557.5
Dec	566.5	574.0	573.5	567.0
Jan	570.1	577.6	0	0
Mar	578.3	585.7	0	0
May	586.2	593.6	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 5	Jan 4	mnth ago	yr ago
1821.4	1826.3	1809.7	1987.4

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan 5	Jan 4	mnth ago	yr ago
Spot	128.38	127.73	127.32	143.89
Futures	130.50	130.04	129.56	145.95

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	111.95	110.00	112.20	110.80
Feb	111.80	109.60	111.60	111.50
Mar	111.35	109.50	111.80	108.59
Apr	109.90	108.40	108.70	108.40
May	109.10	107.40	109.40	108.00
Jun	108.00	106.50	0	0
Jul	107.00	105.70	108.65	105.60
Aug	106.00	104.65	0	0
Sep	105.00	104.00	104.85	104.60
Oct	104.65	103.55	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	21.88	23.08	22.60	21.68
Mar	21.25	22.03	21.77	21.04
Apr	20.82	21.45	21.09	20.60
Jun	20.06	20.57	20.44	19.90
Jul	19.86	20.20	19.90	19.55
Aug	19.40	19.88	19.70	19.40
Sep	19.15	19.62	19.53	19.15
Oct	19.25	19.45	19.25	19.25

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	6435	6783	6640	6300
Mar	5935	6223	6090	5823
Apr	5620	5766	5720	5530
May	5415	5543	5500	5365
Jun	5300	5403	5400	5210
Jul	5270	5353	5320	5220
Aug	5400	5408	5400	5300
Sep	5450	5468	5450	5460

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	940	949	957	938
May	940	945	954	938
Jul	952	958	964	949
Sep	970	976	982	966
Dec	995	1001	1006	993
Mar	1015	1018	1021	1015
May	1026	1033	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	81.38	81.16	81.90	80.80
May	83.26	82.92	83.60	82.80
Jul	85.24	84.62	85.60	84.60
Sep	87.18	86.60	87.40	86.50
Dec	89.80	89.75	90.60	89.60
Mar	92.25	92.26	0	0
May	94.00	94.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	14.08	14.16	14.37	14.05
May	14.10	14.09	14.31	14.07
Jul	13.93	13.92	14.12	13.92
Oct	13.69	13.68	13.85	13.68
Mar	13.10	13.05	13.18	13.10
May	13.05	12.96	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	66.40	66.31	67.05	65.85
May	67.18	67.15	67.50	66.70
Jul	67.15	66.90	67.55	66.70
Oct	64.70	64.38	64.70	64.20
Dec	63.21	62.90	63.60	63.20
Mar	64.00	63.92	0	0
May	64.60	64.70	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	192.90	179.65	193.00	184.50
Mar	182.60	177.60	182.80	182.60
May	183.35	178.85	183.35	183.35
Jul	183.50	178.50	183.50	183.50
Sep	182.50	177.50	182.50	182.50
Nov	178.50	173.50	178.50	178.50
Jan	172.50	167.50	172.50	172.50
Mar	172.50	167.50	0	0
May	172.50	167.50	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	570/6	564/4	571/0	565/4
Mar	583/4	577/0	584/0	576/0
May	596/2	590/2	596/6	591/0
Jul	607/6	601/6	608/0	603/0
Aug	611/0	606/2	611/0	606/6
Sep	610/0	606/0	610/4	608/2
Nov	616/6	614/4	617/2	614/4
Jan	626/4	625/0	626/4	624/2
Mar	636/4	634/4	636/4	634/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	19.26	18.63	19.28	18.88
Mar	19.64	19.05	19.68	19.07
May	20.01	19.43	20.02	19.45
Jul	20.32	19.75	20.40	19.76
Aug	20.25	19.80	20.25	19.88
Sep	20.25	19.85	20.25	19.96
Oct	20.35	19.94	20.35	19.95
Dec	20.56	20.10	20.56	20.15

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	179.3	178.9	179.7	178.3
Mar	179.9	179.6	180.2	179.0
May	180.3	180.1	180.5	179.6
Jul	182.5	182.1	182.6	181.6
Aug	183.2	183.0	183.5	182.7
Sep	184.5	184.0	184.6	183.5
Oct	185.0	184.0	185.6	184.5
Dec	187.0	186.6	188.0	186.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	239/0	237/6	239/0	237/4
May	245/0	244/0	245/0	243/4
Jul	249/4	248/4	249/4	248/0
Sep	248/6	247/4	249/0	248/0
Dec	249/0	247/6	249/0	246/6
Mar	255/0	254/2	256/0	253/4
May	260/0	258/4	260/0	257/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	410/0	409/6	412/0	409/4
May	389/2	388/0	390/0	388/6
Jul	361/4	361/2	363/4	361/2
Sep	367/0	366/4	368/2	366/4
Dec	377/4	377/4	379/4	377/4
Mar	382/4	382/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	76.67	76.87	76.75	76.35
Apr	75.52	75.56	75.80	75.35
Jun	71.85	71.92	72.02	71.77
Aug	71.47	71.35	71.52	71.25
Oct	71.52	71.37	71.60	71.27
Dec	72.55	72.30	72.65	72.35

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	51.62	50.87	51.80	50.92
Apr	48.42	48.20	48.80	48.05
Jun	52.47	51.95	52.62	51.55
Jul	52.77	52.20	52.85	51.80
Aug	51.07	50.47	51.40	50.55
Oct	46.37	46.02	46.80	46.20
Dec	47.60	47.45	47.90	47.40

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	55.47	53.47	55.47	54.10
Mar	55.40	53.40	55.40	54.05
May	55.80	53.80	55.80	54.50
Jul	56.42	54.42	56.42	54.75
Aug	55.12	53.30	55.30	53.90
Feb	55.95	54.30	56.30	54.70
Mar	55.65	54.20	56.00	0

The European Contact Lens Business of The Cooper Companies, Inc.
acquired by
Pilkington PLC
$35,000,000

American Safety Razor Company
acquired by
The Jordan Company
Price not disclosed

Evyan Perfumes
acquired by
Chesebrough-Pond's Inc.
(subsidiary of The Unilever Group)
Price not disclosed

COMMUNICATIONS

Rogers U.S. Holdings Limited
acquired by
KBL Cable, Inc.
$1,365,000,000

The Thomson Corporation
acquired
The Lawyers Co-operative Publishing Company
$810,000,000

Investor Group led by Marvin Davis
acquired
Spectradyne Inc.
(controlled by SPI Holding Inc.)
$635,000,000

Continental Cablevision, Inc.
recapitalization
$493,000,000

The Illinois Operating Group of Centel Cable Television Company
(subsidiary of Centel Corporation)
acquired by
Jones Intercable Incorporated
$340,000,000

The Southeastern Florida Operating Group of Centel Cable Television Company
(subsidiary of Centel Corporation)
pending acquisition by
Adelphia Communications Corporation
$310,000,000

The Central Florida Operating Group of Centel Cable Television Company
(subsidiary of Centel Corporation)
acquired by
American Television and Communications Corporation
$251,000,000

Independent Television Publications
(owned by the Independent Television Companies)
acquired by
Reed International P.L.C.
$235,000,000

The Ohio Operating Group of Centel Cable Television Company
(subsidiary of Centel Corporation)
acquired by
Warner Cable Communications Incorporated
$211,000,000

The Michigan Operating Group of Centel Cable Television Company
(subsidiary of Centel Corporation)
acquired by
C-TEC Corporation
$210,000,000

Omnicom Group Inc.
acquired
Boase Massimi Pollitt PLC
$202,000,000

The Kentucky Operating Group of Centel Cable Television Company
(subsidiary of Centel Corporation)
acquired by
Simmons Communications
$110,000,000

Television Station WPGH-TV
(subsidiary of Lorimar Telepictures Corporation)
acquired by
Renaissance Communications Corporation
$32,000,000

Michigan Cable Associates Limited Partnership
acquired by
DF Cablevision Limited Partnership
$31,600,000

Rifkin/Jacksonville Associates, Ltd.
acquired by
Continental Cablevision, Inc.
$24,900,000

Rifkin/Michigan City Associates, Ltd.
acquired by
US Cable of Northern Indiana
$24,000,000

The Field Corporation
acquisition of a minority interest in
Heritage Media Corporation
Price not disclosed

McGraw-Hill, Inc.
acquired
MMS International, Inc.
Price not disclosed

McGraw-Hill, Inc.
and
Macmillan, Inc.
(subsidiary of Maxwell Communication Corporation plc)
have formed a joint venture of their elementary and secondary educational publishing and testing businesses called
Macmillan/McGraw-Hill School Publishing Company
Price not disclosed

Mystic Color Lab, Inc.
(subsidiary of Grolier Incorporated)
acquired by
Fotolabo Club S.A.
Price not disclosed

Prentice Hall Information Services and Prentice Hall Information Network
(subsidiaries of Paramount Communications Inc.)
acquired by
Macmillan, Inc.
(subsidiary of Maxwell Communication Corporation plc)
Price not disclosed

Seattle Baseball, L.P.
acquired
The Seattle Mariners Professional Baseball Team
Price not disclosed

RETAILING

1989

MORGAN STANLEY

ASDA Group PLC
acquired
61 Stores of
The Gateway Corporation PLC
(subsidiary of Isosceles PLC)
$1,113,000,000

Caldor, Inc.
(subsidiary of The May Department Stores Company)
acquired by
Investor Group led by
Odyssey Partners, L.P.
$552,000,000

The May Department Stores Company
dutch auction self tender
$471,625,000

The Steak & Ale and Bennigan's Restaurants of The Pillsbury Company
(subsidiary of Grand Metropolitan PLC)
acquired by
Investor Group led by Citicorp Capital Investors Ltd. and Management
$434,000,000

Church's Fried Chicken, Inc.
acquired by
A. Copeland Enterprises, Inc.
$408,000,000

K mart Corporation
acquired
PACE Membership Warehouse, Inc.
$322,500,000

Lane Division of Peoples Drug Stores, Inc.
(subsidiary of Imasco Limited)
acquired by
Rite Aid Corporation
Price not disclosed

Midwest Division of Peoples Drug Stores, Inc.
(subsidiary of Imasco Limited)
acquired by
Investor Group led by Acadia Partners L.P.
Price not disclosed

Reed Division of Peoples Drug Stores, Inc.
(subsidiary of Imasco Limited)
acquired by
Big B, Inc.
Price not disclosed

MERGERS & ACQUISITIONS

TRANSPORTATION & SERVICES

BILLION

1989

MORGAN STANLEY

Budget Rent a Car Corporation
acquired by
Investor Group led by
Fulcrum II Limited Partnership
$1,198,000,000

Rockefeller Group, Inc.
(controlled by the Committee under Deeds of Trust created by John D. Rockefeller, Jr.)
acquisition of a 51% interest by
Mitsubishi Estate Co., Ltd.
$846,000,000

New World Development Co., Ltd. and Prime Motor Inns Inc.
pending acquisition of
The Hotel Business of Ramada Inc.
$540,000,000

The Trailer and Maritime Operations of Fruehauf Corporation
acquired by
Terex Corporation
$232,500,000

Sixpence Inns of America Inc.
acquired by
Motel 6 L.P.
$210,000,000

Strategic Planning Associates, Inc.
pending acquisition by
Marsh & McLennan Companies, Inc.
$79,000,000

Philip Crosby Associates, Inc.
acquired by
Alexander Proudfoot PLC
$75,000,000

The Newhall Land and Farming Company
dutch auction self tender
$58,154,000

Retirement Centers of America, Inc.
(subsidiary of Avon Products, Inc.)
acquired by
UMS Corporation
Price not disclosed

MORGAN STANLEY

LONDON STOCK EXCHANGE

Investors slow to commit new funds

CUTS IN prime rates by US money centre banks did little yesterday to help a London stock market unsettled by renewed uncertainties on the international front. Wall Street's weakness ahead of the weekend set the trend for a downturn in the UK market where blue chips staged only a muted rally towards the end of the session.

The reduction in US bank lending rates, which was led by First National Bank of Chicago, helped to check an initial improvement in sterling which had lowered share prices in the UK blue chip export companies. However, nervousness over prospects for interest rates in Europe, and especially in Germany and France, acted as a restraint on recent confidence that UK rates may soon begin to fall.

Account Dealing Dates

*First Dealings:	Dec 27	Jan 15	Jan 29
Option Declarations:	Jan 11	Jan 25	Feb 8
Last Dealings:	Jan 12	Jan 26	Feb 9
Account Day:	Jan 22	Feb 5	Feb 19

*New time dealings may take place from 9.00 am two business days earlier

The chief factor yesterday, however, was the apparent reluctance of the investment institutions to commit further funds to UK equities just at present. With buying pressure thus reduced, and investors still refusing to sell stock, the market lacked a definite trend. "Yesterday was pretty well a non-event," commented Nigel Little of Panmure Gordon, the London broking firm.

An initial attempt to move forward, largely on the back of a clutch of New Year recommendations from the investment press, quickly faded and equities slid lower as traders brushed off a steady trend in German equities and shied away from the opening of the new session in New York. At worst, the Footsie Index was more than 20 points off.

The cautious rally sparked by the US prime rate cuts and the softening in sterling left the FT-SE Index with a final loss of 13.2 points at 2,431.3. Seaq volume, at 396.4m shares, was unexciting and appeared to include a fair amount of inter-dealer activity.

The latest data on domestic retail sales and consumer credit tended to confirm the slowdown in domestic spending in the face of high interest rates, and gave no encouragement to a market hoping to see those rates relaxed sooner rather than later. More comforting for the retail sector was a vigorous defence document from Dixons, facing a £461m bid from Kingfisher, which indicated that Christmas sales had gone better than expected.

The privatised water issues, which have helped spur equities ahead, turned calmer yesterday as Thames Water disclosed its interim trading report, opening this week's list of reports from the sector; few surprises are expected, since profit forecasts were included in the various offer documents.

With a light calendar of economic forecasts ahead this week, the UK market appears to be in slack water. Next week, however, brings the latest statistics on domestic inflation and money supply, and also the US trade numbers for November.

FINANCIAL TIMES STOCK INDICES

	Jan 8	Jan 5	Jan 4	Jan 3	Jan 2	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	83.58	84.10	84.20♦	84.16	84.20	88.90	89.29 (8/2/89)	82.93 (4/12/89)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.91	92.71	92.59	92.84	92.74	96.09	99.59 (15/3/89)	92.02 (8/12/89)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1945.0	1948.8	1957.3	1968.3	1934.1	1502.0	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	315.6	306.4	298.7	308.9	309.5	162.9	317.8 (13/12/89)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2431.3	2444.5	2451.6	2463.7	2434.1	1831.5	2463.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.39	4.38	4.36	4.34	4.41	4.88				
Earning Yld %(full)	10.71	10.67	10.62	10.60	10.79	12.29				
P/E Ratio(Net)(☆)	11.30	11.35	11.38	11.42	11.22	9.84				
SEAQ Bargains(5pm)	34,211	41,257	51,336	44,222	32,559	31,613				
Equity Turnover(£m)†	-	1013.53	1408.02	1048.63	546.68	1348.28				
Equity Bargains†	-	44,161	53,890	44,088	29,711	32,904				
Shares Traded (ml)†	-	407.8	585.8	490.2	255.8	565.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 11.25

Ordinary Share Index, Hourly changes — Day's High 1950.0 — Day's Low 1937.2

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1949.2	1946.7	1940.8	1942.1	1941.6	1941.8	1942.4	1947.8

FT-SE, Hourly changes — Day's High 2445.6 — Day's Low 2423.8

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2444.9	2430.0	2429.4	2430.9	2430.1	2430.1	2429.1	2433.7

GILT EDGED ACTIVITY

Indices*	Jan 5	Jan 4
Gilt Edged Bargains	84.9	88.8
5-Day average	69.7	62.2

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request. ♦Corrected Figure London report and latest Share index: Tel. 0898 123001.

Strong defence by Dixons

Dixons and Kingfisher hogged the limelight in an otherwise quiet stores sector. As part of its defence against the takeover bid from the latter, Dixons produced a profits forecast that was well above analysts' expectations. Marketmakers expressed some scepticism over the figures, but nevertheless marked Dixons higher on speculative buying. Kingfisher moved in the other direction on the increased likelihood that it will be forced to offer more money to secure the electrical retailing chain.

Much of the improvement in forecast profits came from property and financial services, including sales of extended warranties on goods. Analysts were more sympathetic to Dixons' case than were dealers, although some conceded that as stores watchers they were on unfamiliar ground when assessing financial services operations.

One analyst said that Kingfisher might now have to pay 140p for Dixons and therefore was a short term sell. He added, however, that with the increased profits forecast, Kingfisher could raise its offer without dilution of earnings.

Mr Nick Bubb of Morgan Stanley said: "We knew the bulk of the profits would come from financial services and property, but financial services in particular [now seem to be] much bigger." He added that if the higher profits forecast had been announced before the Kingfisher bid, it would have added 20p to Dixons' shares. In the event they rose 8 to 139p, while Kingfisher fell 7 to 306p.

Burmah downgrade

Among the day's worst performers were Burmah, which followed last Friday's 6p decline with a further 10p retreat to 665p, albeit in relatively thin turnover of 313,000 shares.

The weakness followed a profits downgrade by Smith New Court. The Smith oil team lowered their forecast of 1989 net income from £97m to £92m, "within the market range of £90-£95m," and their estimate of 1990 net income from £106m to £102m. Smith cited "difficult trading conditions in industrial lubricants during the second half of 1989," and also noted that speciality chemicals profits are exposed to the house-building and automotive sectors in the US which have shown a slowdown in activity.

But Smith still rates the shares a hold, and sees scope for further outperformance in 1990, believing that SHV will continue to increase its stake, currently standing at 9.1 per cent. The securities house expects Burmah to sell its 29.9 per cent stake in Premier at some stage this year.

Eurotunnel nerves

A bout of nerves hit Eurotunnel shares as the company entered the final phase of talks on cost overruns with the contractors building the Channel tunnel. Confidence was also unsettled by French reports of a court action against Eurotunnel seeking almost £40m for work connected with the tunnel.

The shares bottomed at 623p, down 60 on Friday's close, before recovering half this loss on hopes that a conclusion to the cost negotiations was imminent.

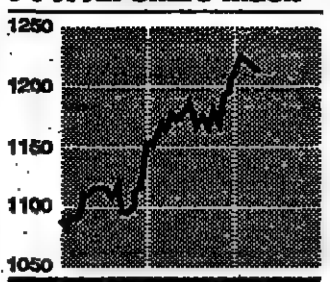
A profits downgrading, worries about the profitability of its Rover Group subsidiary, and persistent talk of a rights issue, combined to make British Aerospace a weak market.

The shares shed 10 to 570p on modest turnover of 1.4m shares as Robert Fleming joined other securities houses that have recently cut forecasts. Fleming now predicts 1989 profits of £306m, down from its previous figure of £319m, and reduced the estimate for 1990 from £384m to 353m. Fleming blamed the strike, a higher than expected level of net debt and cash outflow for the payment of Rover in 1990.

Mr Piers Whitehead at Fleming brushed aside rights and Rover concerns saying: "My main worry is that West Germany could pull out of European Fighter Aircraft project which would put a serious question mark over the whole project."

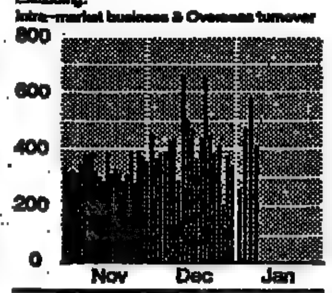
After the market close a story emerged suggesting that BAe was on the verge of announcing a deal with the South Korea Government for the sale of 120 Hawk trainer/ground attack fighter aircraft, in a deal said to be worth around £1.5bn. Rolls-Royce eased 4 to 186p as profit-takers took advantage of last week's rise. Most of the trade was said to have been done in the traded options market. Profit-taking was also said to have been the cause of the fall in Hawker Siddeley. The shares gave up 9 to 715p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



A higher than expected increase in the interim dividend lifted Carclo, the Yorkshire based engineering group, despite a fall in profits by 9 per cent to £4m. The shares firmed 4 to 125p.

M L Holdings rose 11 to 122p, on reporting higher than expected interim figures. Profits rose from £2.7m to £3.7m. Mr Martin Ruscoe at Citicorp Scrimgeour Vickers said the figures were a "clear indication of the management's ability to change the balance of the business over the last three years." Mr Robert Pringle at Hoare Govett, also bullish about the company, predicted that the discount between the share price and the market would erode."

Another retreat by crude oil prices, with Brent for February delivery slipping by a dollar a barrel at one point yesterday, coupled with the recent crop of brokers sell notes on the sector, left the oil and gas issues broadly lower.

British Gas drifted back to close 2¼ off at 230p on 3.2m after the group unveiled a joint drilling venture in the Gulf of Mexico and in the Gulf coast region in partnership with BHP and Atlantic Richfield.

BP, on good turnover of 10m, eased a couple of pence to 337p while Shell lost 8 to 477p on 3.2m. Specialists noted further switching from Shell to BP. Ultramar continued outperform the sector, edging ahead to 376p in good volume of 1.3m.

The first of the interim reports from the newly-privatised water companies, those of Thames Water, were announced but failed to generate enthusiasm in the market. Thames dipped 3 to 158p on turnover of 2.6m, just about the lowest activity in the stock since the market debuts of all ten stocks plus the Package on December 12. Thames' profits of £81.4m came from turnover of £297.2m.

Dealers were disappointed by the low levels of business in the water issues and reported persistent small selling. *Anglian, a penny off at 161p on* 2.2m, is scheduled to announce interim figures today, as is Welsh, slightly lower at 158p on only 540,000 shares. North West, also reporting today, lost 3 to 157p on 2.2m, as did Severn Trent, 148p, on turnover of 1.4m.

Southern, due to reveal interims on Thursday, moved against the trend, closing 6 higher at 160p on only 1.3m. "A couple of buyers, nothing more," said one dealer. The Package was £20 off at £1585.

An increase in interim profits from £5.03m to £7.78m lifted Ellis and Everard whose shares rose to close up 8 at 288p.

Tomkins hardened 2 to 295p as the company reported interim profits up 22 per cent to £23.3m, in line with market forecasts.

BET added 2 to 264p as it reported it had increased its holding in Hestair for whom it is bidding, by 14 per cent to 43 per cent. A marketmaker said: "Its more or less over now for Hestair." Hestair shares gained a penny to 322p.

Abbey National, one of the market's outstanding issues in the past few months, encountered a bout of profit-taking to close 4 off at 185p after turnover of 3.1m. TSB, reporting preliminary figures on Thursday – Hoare Govett is going for £355m and BZW for £300m against last time's £420.1m – were slightly easier at 129p.

The big four were all around 5 easier but in thin turnover. Merchant banks were again highlighted by a strong performance from S G Warburg, shares of which moved up 8 to a year's best of 532p.

Composite insurance stocks, *hit last week by profit-taking*, staged a good run, led by Royals and Guardian Royal Exchange. The latter, up 4 last Friday amid whispers that Generali had been back in the market adding to its supposed stake, closed a further 6 higher at 255p. Turnover in GRE came out at 2.3m. Royals advanced 8 to 548p on 1m. Life assurers were firmer across the board.

Hopes that Grand Metropolitan would exchange its public houses for the brewing interest of Elders IXL of Australia helped the former's shares climb 9 to 647p on good turnover of 1.5m.

Friday's talk of a rights issue from Unilever continued to undermine the shares. Weakness in the Amsterdam stockmarket – Unilever is an Anglo-Dutch concern – did not help confidence. In addition, some dealers were under the impression that analysts at BZW had downgraded the stock. But Mr John Parker at BZW said he had edged his forecast 15m higher to £1735m on the basis of the year end-exchange rate. Unilever nevertheless ended 17 lower on the day at 702p. Dealers added that the *company might also have suffered from having been talked* of as a possible bidder for Cadbury or part of the Campbell Soup business of the US.

Positive comment in the weekend press on Cadbury Schweppes combined with Friday's bid speculation to encourage dealers to mark the shares sharply higher at the opening. But this only flushed out sellers and the shares ran back from their peak of 378p to close 6 loser on the day at 664p.

A buy recommendation from an agency broker was said to have helped Asda buck the market's weakness with a rise of 3 to 122p.

The chairman of USM-quoted Specialeyes said interims later this month would show trading losses, which he blamed on ending of the Government eye test subsidy and the wider retail downturn. The shares shed 7 to 22p.

Ratners continued to be one of the few sought after stores shares. They added 4 at 270p helped by positive comment in the weekend press. The same factor was behind Dunhill's rise of 12 to 425p. There was also a revival of last week's vague talk of a bid.

The proposed cement price increase announced by Blue Circle – collected bulk prices go up 6 per cent and packed cement up 7 per cent – had very limited impact of Blue Circle shares which, having been marked up to 266p on the news, subsequently dipped back to close only a penny firmer on balance at 260p; turnover was 1.7m.

The telecoms issues drifted *easier* with British Telecom closing 4 off at 300p on 5.4m and Cable & Wireless 6 down at 583p on 2.3m. The Racal twins were down a penny apiece with Telecom at 394p and Electronics at 251p after Goldman Sachs, the US securities house, adjusted its forecasts for both companies and reiterated their buy recommendations on both. Goldman has reduced its earnings estimate for Electronics for 1990 and 1991 to 9.6p and 15p a share from 11.1p and 16.1p respectively and increased its 1990 and 1991 estimates for Telecom to 11.7p and 18.5p from 11.2p and 17.9p.

GEC held at 239p on 2.3m shares after County NatWest WoodMac said the stock, "is now at levels where its defensive qualities should be recognised; we would look to pick up stock."

STC moved up 3 more to 267p, still stimulated by recent stories that an overseas group will acquire a significant stake in ICL, its computer subsidiary.

Almost 5m Ferranti changed hands, with the stock closing a penny up at 32p after press comment saying the group will announce an interim loss when the figures are released on Friday.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 23

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	402	204	-3
ASDA Group	2,000	122	+3
Abbey National	3,800	185	-4
Allied-Lyons	2,200	503	-1
Amstrad	738	62	+1
Argyll Group	6,300	208	+8
Ass. Brit. Foods	428	423	
BAA	349	387	-8
BAT Inds.	2,800	840	
BET	1,300	264	+2
BICC	884	478	-1
BOC	1,000	571	-2
BPB Inds.	304	250	
BTR	875	484	-1
Barclays	1,800	579	
Bass	712	1042	-5
Beazer	158	176	
Berisford Int.	21	145	
Blue Arrow	417	93	-1
Blue Circle	1,700	260	+1
Boots	2,900	281	
Brit. & Comm.	107	98	
Brit. Aerospace	1,400	570	-10
British Airways	2,600	228½	-2½
British Gas	3,200	230	-2½
British Land	22	393	
BP	10,000	337	-2
British Steel	8,900	144½	-2
British Telecom	5,400	300	-4
Bunzl	63	115	
Burmah Oil	313	665	-10
Burton	2,700	222	-1
Cable & Wire.	2,300	583	-6
Cadburys	1,400	364	-5½
Calor Group	104	384	-2
Carlton Comms.	206	805	+4
Coats Viyella	1,100	106	-1

	Volume 000's	Closing Price	Day's change
Comm. Union	350	503	+1
Cookson	333	286	-6
Courtaulds	129	335	-1
Dalgety	29	[illegible]	[illegible]
Dixons	1,000	139	+8
Eng. China Clays	460	480	+3
Enterprise Oil	198	659	-2
FKI	390	90	
Ferranti	4,900	32	+1
Fisons	1,500	358	-4
Gen. Accident	284	1178	-6
General Elect.	2,300	239	
Glaxo	1,980	801	-14
Globe Inv.	233	197	-½
Glynwed Int.	133	269	-1
Granada	476	343	+5
Grand Met.	1,500	647	+9
GUS A	550	1107	-4
GRE	2,300	255	+6
GKN	583	455	-1
Guinness	1,300	560	+5
Hammerson 'A'	0	841	-4
Hanson	5,300	233	-1
Hanson Warrants	1,000	61	
Harrisons Cros.	265	[illegible]	-1
Hawker Sidd.	852	715	-9
Hillsdown	498	290	
IMI	1,600	234	-6
ICI	1,000	1180	-12
Inchcape	159	304	-3
Jaguar	9	849	
Kingfisher	989	[illegible]	-7
Ladbroke	2,250	345	+6
Land Securities	577	[illegible]	[illegible]
Laporte	154	500	-3
Legal & General	769	438	+6
Lloyds Abbey	982	331	+1

	Volume 000's	Closing Price	Day's change
Lloyds Bank	2,500	447	-5
LASMO	205	582	-3
Lonrho	1,800	312	-5
Lucas	722	655	-10
MB Group	1,700	212	-3
MEPC	429	543	-1
Marks & Spencer	1,900	210	
Maxwell Comm.	831	225	-2
Mecca Leisure	7,500	[illegible]	[illegible]
Midland Bank	1,200	384	-6
NatWest Bank	1,600	347	-5
Next	1,100	98	+2
Northern Foods	112	325	+1
Pearl	5	699	
Pearson	253	759	-7
P & O	375	638	-2
Pilkington	[illegible]	245	-5
Polly Peck Intl.	5,400	416	-12
Prudential	1,700	232	-½
RHM	920	428	-4
RMC	146	726	-3
RTZ	2,000	[illegible]	-6
Racal	2,020	251	-1
Racal Telecom	405	394	-1
Rank Org	173	[illegible]	-3
Reckitt & Colman	108	1288	-14
Redland	278	693	-1
Reed Intl.	1,800	456	-3
Reuters	309	[illegible]	-5
Rolls Royce	2,750	186	-4
Rothmans	358	894	+11
Ryl Bk Scotland	1,700	309	-1
Royal Insurance	1,000	548	+8
STC	4,300	[illegible]	[illegible]
Saatchi	480	271	-4
Sainsbury	1,100	285	
Scottish & New.	1,700	348	+1

	Volume 000's	Closing Price	Day's change
Sears	[illegible]	112	
Sedgwick	201	310	-1
Shell Transport	3,200	477	-8
Siebe	69	481	+2
Slough Ests	805	328	-1
Smith (W.H.) A	178	351	
Smith & Nephew	1,200	136½	-½
SmKl Beecham	1,500	620	-3
SmKl Beecham Units	90	2723	-35
Smiths Inds.	387	296	+1
Standard Chartd.	851	557	-1
Storehouse	595	117	+2
Sun Alliance	238	[illegible]	[illegible]
Sun Life	17	1279	+8
T&N	338	[illegible]	[illegible]
TI Group	246	437	-8
TSB	4,100	129	-1
Tarmac	3,400	250	
Tate & Lyle	525	288	+2
Taylor Woodrow	[illegible]	321	+1
Tesco	1,900	167	-2
Thames Water	2,600	158	-3
Thorn EMI	344	803	+2
Trafalgar House	1,500	375	+1
Trusthouse Forte	2,100	311	+4
Ultramar	1,300	376	+1
Unigate	157	344	-1
Unilever	1,900	702	-17
United Biscuits	945	365	-1
Utd. Newspapers	181	482	-3
Wellcome	1,000	772	-12
Whitbread 'A'	[illegible]	415	
Williams Hldgs.	108	287	-2
Willis Faber	59	283	-2
Wimpey	203	264	+6

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

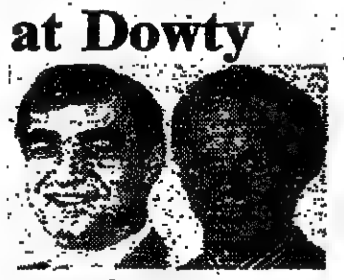
NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (82). **BRITISH FUNDS** (1) Treas. 8¾pc 87-90; **BANKS** (6) Ansbacher (H), Bank Scotland, Prov. Financial, Union Discount, Warburg (S.G.), Do. 6pc Pf., **BREWERS** (1) Whitbread "A", **BUILDINGS** (1) CRH, **CHEMICALS** (1) Joyce grp., **STORES** (1) Dunhill, **ENGINEERING** (1) Thyssen, **FOODS** (2) Fisher (A), Kwik Save, **HOTELS** (1) Allied Leisure, **INDUSTRIALS** (9) Saria Hldgs., Barry Wehmiller, Hawtal Whiting, Parkfield Grp., Photo-Me, Proudfoot, Robertson Grp., Sarso Grp., Wellcome, **INSURANCE** (5) Britannic, Heath (C.E.), Legal & General, Lloyd Thompson, Sun Life, **NEWSPAPERS** (2) Blenheim Exhibitions, Euromoney Pbs., **PAPERS** (3) CIA Grp., More O'Ferr., Smurfit (Jefsn), **TEXTILES** (1) Lamont Hldgs., **TOBACCOS** (1) Rothmans, **TRUSTS** (11) Assoc. Henriques, Bankers Inv., Br. Arrow 6pc 1985-200, Fledgeling Japan, Flextech, I&S Opt. Inc. Tst., M&G Grp., Mercury Asset Mgmt., Murray Smlr Mlds. B, O'seas Inv. Tst. Wrrnts., Sec. Alliance Tst.; **OILS** (4) Arabex pet., Crossroads Oil, Premier Cons., USDC Inv. Tst., **MINES** (11) Anglo Amer., De Beers Df., Doornfontein, Elsberg, Hartebeest, Leslie, OFS Invs., Randfontein Est., St. Helena, Venterspost, Welkom Gold.

NEW LOWS (30). **AMERICANS** (2) Brunswick, N'wide. Legal Serv., **CANADIANS** (2) Muscocho, Nova Cp. of Alb., **BANKS** (2) Tokai Bank, Toyo Tst & Bnkg., **BUILDINGS** (2) Mlekin, SWP, **STORES** (1) Upton & Southern, **ELECTRICALS** (1) Holmes Protect., **FOODS** (1) Thomsons, **INDUSTRIALS** (5) Mid Kent Wrrnts., NMC, Rock, Sale Tilney, Young (H), **MOTORS** (1) DAF, **PAPERS** (3) Bemrose, Perry Pick., Lawson Mardon Gp., **PROPERTY** (1) Clayform Props., **TRANSPORT** (1) Cons. Freight., **TRUSTS** (5) Jove Inv. Tst., Mezzanine C&I Tst., Olim. Conv. Tst., River & Merc, River Plate, **MINES** (2) Emperor Mines, Sandhurst Mining, **THIRD MARKET** (1) Andaman Res.

APPOINTMENTS

Promotions at Dowty



■ DOWTY has appointed Mr Tony Belisario *(left)* as managing director of Dowty Defence & Air Systems. He was managing director of the fuel systems division, where he is succeeded by Mr Geoff Smith *(right)* who was business development director.

■ Hollandsche Beton Groep has appointed Mr Richard Gregory, assistant managing director, and Mr Robert Hickson, company secretary, as deputy managing directors of KYLE STEWART. Mr Hickson remains company secretary.

■ Sir Oscar DeVille continues as executive chairman of MEYER INTERNATIONAL for a further two years, and Mr Richard Jewson, group managing director, additionally becomes deputy chairman.

■ WHITEGATE LEISURE has appointed Mr Nigel Patterson as group operations director, and Mr Stuart Young as finance director.

■ ALLIANCE FINANCIAL, a Lopex company, has promoted Mr Malcolm Wallis, deputy managing director, to managing director; and Mr Timothy Haynes, associate director, to director.

■ Mr Ricardo Borserini, managing director, Scholl Italy, and Mr Raymond Thomas, managing director, Scholl UK, have been appointed to the board of EUROPEAN HOME PRODUCTS.

■ C.I. de ROUGEMENT & CO has appointed Mr John R. Clare as a director and active underwriter of Non-Marine Syndicate 782. He succeeds as underwriter Mr Peter J.W. Daft who continues as a director.

■ Mr Christopher Houseman has been appointed a director of ELECO HOLDINGS with executive responsibility for the building products division. Mr David Seddon, company secretary, was additionally appointed group accountant.

■ Mr Peter Banns and Mr Robert Tilley have been appointed directors of PHILADELPHIA NATIONAL, London, merchant banking subsidiary of Philadelphia National Bank, with responsibilities for capital markets, sales and trading.

■ Mr Alex Henchley has been appointed managing director of PIMS LONDON, and Ms Jane Anderson becomes publications director.

■ RYDER DISTRIBUTION SERVICES has appointed Mr John Ball as divisional director, home delivery and furniture; Mr John Stocker, general manager-business development, becomes sales and marketing director; and Mr Howard Rodgers, divisional distribution manager, becomes operations director.

■ Mr Paul Talbot Willcox has succeeded Mr Peter Talbot Willcox as chairman of EGGAR FORRESTER (HOLDINGS), and Douglas & Gordon.

■ Mr John Couch has been appointed financial controller at MANWEB, Chester. He was group finance director, Alliance Paper Group.

■ Mr Ian Widger has been appointed managing director of PLESSEY-TELENET, The Netherlands. He takes over from Mr Richard Flegg who returns with responsibility for the company's UK programme management.

■ Mr David Cornelius has been appointed director of the TRANSPORT AND ROAD RESEARCH LABORATORY, with Dr Dennis Robertson as deputy director.

■ Mr Ronald G. Dunn has been appointed group vice president of the MAXWELL *MACMILLAN GROUP*, and director general of Scitechinform. He was director of Washington operations for the American Chemical Society.

■ Ms Ann Iverson has been appointed stores director of BhS, a wholly-owned subsidiary of STOREHOUSE. She joins on January 15 from Bonwit Teller Inc.

■ Mr John C.S. Mott has been appointed chairman of WILLIAM SINDALL, Cambridge, succeeding Mrs C. Ridgeon who remains on the board as a non-executive director. Mr Mott joined Sindalls as a non-executive director in March last year. He is also a non-executive director of May Gurney Holdings, and of RMC Group.

■ Mr Adrian J.L. Huns has been appointed managing director of CARTER-WALLACE, Folkestone, from January 15, succeeding Mr Norman Williams who is retiring. Mr Huns was director of consumer products with the Medgenix Group, Brussels.

■ SECCOMBE MARSHALL & CAMPION has appointed Mr Richard Scott as an assistant director.

■ Mr David P. Kidd has been appointed a director of CAPITAL HOUSE INVESTMENT MANAGMENT, and chief investment director. Capital House is part of The Royal Bank of Scotland group.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's

Abbey Unit Tst Mngrs (1000)H

80 Holdenhurst Rd, Bournemouth 0345 717373

Abtrust Management Ltd (1000)H

10 Queens Terrace, Aberdeen AB9 1QJ

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES

These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE

The price at which units may be bought.

BID PRICE

The price at which units may be sold.

CANCELLATION PRICE

The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME

The time shown alongside the fund manager's name is the time at which the unit trust's daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING

The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING

The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out recently.

SCHEME PARTICULARS AND REPORTS

The latest report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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Wardley Unit Trt Mngrs Ltd (0900)H

Waverley Unit Tst Mngmt Ltd (1000)F

Wellington Fund Mngrs Ltd (1200)F

Wessex Asset Management (1330)F

Whittingdale Unit Tst Mgmt Ltd

Wilkins Financial Services Ltd (0900)F

Windsor Trust Mngrs Ltd (1200)F

Wright Seligman Fund Mngrs Ltd (1700)F

The Yorkshire Unit Tst Mngrs Ltd (1100)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Invest. Fund

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Pen Mngt Ltd

Henderson Unit Trust Management Ltd

Lazard Brothers & Co. Ltd

Local Authorities Mutual Invest. Trust

M & G Securities Ltd

MIM Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

New Court Property Fund Managers

Phillips & Drew Fund Managers Ltd

J. Rothschild Fund Managers Ltd

Thornton Unit Managers Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Abtrust Management Ltd

AEtna Life Assurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Amersham Life Assce. Co. Ltd

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Canada Life Group

Cannon Assurance Ltd

Citibank British National

City of Edinburgh Life Assurance

City of Westminster Assurance Co Ltd

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Insurance Co of America

Commercial Union Group

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends' Provident

GT Management Ltd

General Accident Linked Life Assce(s)

General Portfolio Life Insur Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Imperial Life

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

MLA

MIM Life Assurance Ltd

Manchester Unity Assurance

ManuLife Group PLC

Marchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

National Financial Management Corp PLC

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Continued on next page

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Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4BE 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Balanced Grth Mngd.	635.2	669.4	–	–
Adventurous Mngd	139.3	146.8	....	–
Secure Mngd.	111.6	117.6	....	–
Cash Fd	244.6	257.8	....	–
Property Fund	301.4	317.6	....	–
Equity Fund	728.7	767.9	....	–
Fxd Int. Fund	296.1	312.1	.	–
International	344.6	366.6	....	–
High Income	474.8	505.2	....	–
Far East	470.9	501.0	....	–
North American	296.9	315.9	.	–
Special Sits	657.8	699.8	....	–
Technology	269.8	287.1	..	–
Extra Inc Fd.	282.6	300.7	....	–
Convertible & Gilt Fd.	153.8	163.7	..	–
American Income	138.8	147.7	....	–
Gilt Fund 20	304.5	324.0	.	–
European Fund	120.6	128.3	....	–
Pref & Fixed Int.	96.5	101.7	..	–
Equity Income Dist.	102.4	108.0	..	–
Managed Dist.	100.2	105.6	....	–
Pension Funds				
Balncd Gth Mgd Pens Acc.	604.4	636.3	....	–
Adventurous Mgd Pens Acc.	132.9	139.9	....	–
Secure Mngd Pens Acc.	110.5	116.4	....	–
Building Soc. Acc.	260.3	274.0	.	–
Property Pens. Acc.	308.6	324.9	....	–
Fix Int. Pens. Acc.	418.4	440.5	.	–
Equity Pens. Acc.	798.6	840.7	....	–
International Pens Acc.	324.7	341.8	....	–
High Inc Pens Acc.	510.7	537.6	....	–
Tech Pens Acc.	173.8	183.0	....	–
N American Pens Acc.	202.6	213.3	....	–
Far Eastern Pens Acc.	463.2	487.6	....	–
Special Sits Pens Acc.	536.8	565.1	.	–
Extra Income Pens Fd.	340.0	357.9	....	–
Convertible & Gilt Pens	168.8	177.7	..	–

Royal Heritage Life Assurance Ltd

20 Clifton St, EC2A 4HX 01-920 0202/0733 262524

	Bid Price	Offer Price	+ or −	Yield Gross
Multi Gwth	508.75		....	–
Multi Gwth "A"	508.7	535.5	....	–
Op Prop.	427.8	450.4		–
Op Equity	770.2	810.8	+1.3	–
Op High Yld	354.2	372.9	−3.1	–
Op Man.	601.9	633.6	−1.2	–
Op Dep	287.8	303.3		14.75
Op Inc Dist.	203.3	214.0	−0.1	7.67
Op Int Man.	346.0	364.3	−2.3	–
Op Emerging Co's	297.1	312.8	+0.4	–
Pension Funds–Series II & II Acc.				
Property	753.0	792.7	[illegible]	–
Equity	1981.0	2085.3	[illegible]	–
Fixed Interest	654.3	679.3	−6.1	–
Managed	[illegible]	[illegible]	−2.7	–
Deposit	557.2	586.6		14.15
Gartmore Global	200.6	[illegible]	−3.0	–
Gartmore NA	98.3	103.5	−1.1	–
Gartmore Pacific	261.1	274.9	−0.3	–
Henderson Acc.	203.5	214.3	−1.2	–
Perpetual Mng.	209.3	220.4	−3.0	–
Framlington Mng	[illegible]	204.3	−0.9	–
Gartmore Pen Mngd.	199.7	210.3	−0.5	–
Gartmore Pen Euro.	158.7	167.1	−0.3	–
Beckman Pension Fund	126.1	132.8	.	–
Suffolk Cap. Pen. Fd.	116.7	122.9	....	–
IMC Pen SB Ser B.	95.0	100.0	....	–
Pension Funds–Series 0				
Property	191.5	191.5	–	–
Equity	132.7	132.7	+0.4	–
Fixed Interest	158.6	158.6	−1.4	–
Managed	134.1	134.1	+0.3	–
Deposit	163.8	163.8	+0.1	–
Gartmore Global	126.1	126.1	−1.7	–
Gartmore NA	111.4	111.4	−1.2	–
Gartmore Pacific	137.1	137.1	−0.2	–
Henderson Acc.	150.5	150.5	−0.9	–
Perpetual Mng.	152.9	152.9	−2.1	–
Framlington Mng.	155.0	155.0	−0.7	–
Gartmore Pen Mngd.	164.2	164.2	−0.4	–

Scottish Mutual Investments—Contd.

Scottish Provident Institution

6 St Andrews Sq, Edinburgh 031-556 9181

Scottish Widows' Group

PO Box 902, Edinburgh EH16 5BU

Skandia Life Assurance Co Ltd—Contd.

Target Life Assurance Co Ltd—Contd.

Rutland Ins Bkg & Inv Grp ("RIBIG")

2 The Windmills, Turk St, Alton, GU34 1EF 0420 80266

Rothschild Asset Management—Contd.

Royal Bank of Canada Funds

Gartmore Luxembourg SA—Contd.

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

JERSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989/90 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99	98	Exch 11pc 1990‡‡	99	+	11.03	14.55
101	99	Exch. 12½pc 1990	99½	.....	12.56	14.66
97	91	Treas. 3pc 1990	97	.....	3.08	11.73
97	95	Treas 8¼pc 1987–90‡‡	97	+	8.44	13.82
98	95¼	Treas. 8pc Cv 1990 ‡‡	97¼	−	8.22	13.74
98	96	Treas. 10pc Cv 1990	97	−	10.31	14.04
93	87	Exch 2½pc 1990	93	.....	2.68	10.76
101	98	Treas 11½pc 1991	98	−	11.95	13.61
93¼	89	Funding 5¾pc '87–91‡‡	93½	.....	6.17	11.77
90	86	Treas. 3pc 1991	90	.....	3.30	10.48
100	95	Treas 10pc Cv '91 ‡‡	96¼	−	10.41	12.97
101	96	Exch. 11pc 1991	97¼	−	11.31	12.76
94	91	Treas. 8pc 1991	92¼	−	8.67	12.69
106	100	Treas 12¾pc 1992‡‡	100	−	12.64	12.26
99	95	Treas 10pc 1992	95	−	10.44	12.30
94	90	Treas. 8pc 1992 ‡‡	91	−	8.71	12.23
100	96	Treas 10½pc Cv 1992‡‡	96	−	10.83	12.05
85	82	Treas. 3pc 1992	84	.....	3.54	10.27
105	99	Exch. 12¼pc '92	100	−	12.22	12.10
109	103	Exch 13½pc 1992	103	−	13.05	11.94
94	90	Treas 8¼pc 1993	91	−	9.06	11.74
100	95	Treas 10pc 1993‡‡	95	−	10.43	11.52
108	101	Treas 12½pc 1993‡‡	102	−	12.18	11.58
88	84	Funding 6pc 1993‡‡	85	−	6.99	10.75
113	106	Treas 13¾pc 1993‡‡	106	−	12.87	11.49
94	89	Treas. 8½pc 1994	90	−	9.39	12.49
117	109	Treas 14½pc 1994‡‡	110	−	13.13	11.28
113	106	Exch 13½pc 1994	106	−	12.64	11.43
100	94	Treas. 10pc Ln. 1994‡‡	95	−	10.44	11.24
110	102	Exch. 12¼pc 1994	103	−	12.04	11.40
96	91	Treas 9pc 1994‡‡	91	−	9.80	11.21

Five to Fifteen Years

1989/90 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
108	101	Treas 12pc 1995	102	−	11.70	11.31
79	72	Exch 3pc Gas 90–95	76	−	3.94	8.57
101	95	Exch. 10¼pc 1995	96	−	10.65	11.17
113	105	Treas 12¾pc 1995‡‡	107	−	11.91	11.06
119	110	Treas. 14pc '96	111	−	12.53	11.27
97	90	Treas. 9pc 1992–96‡‡	91	−	9.85	10.94
126	117	Treas 15¼pc 1996‡‡	118	−	12.87	11.09
117	108	Exch 13¼pc 1996‡‡	109	−	12.05	11.02
101	94	Conversion 10pc 1996	95	−	10.45	10.91
118	109	Treas 13¼pc 1997‡‡	111	−	11.94	10.96
104	96	Exch 10½pc 1997	98	−	10.71	10.89
95	88	Treas 8¾pc 1997‡‡	90	−	9.72	10.68

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1989: 114.3 and for November 1989: 118.5.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

1989/90 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
100¼	98¾	N'wide Anglia 12¾pc 29.1.90	99	....	12.58	14.91
100	98¾	Do. 12¾pc 25.2.90	99	.....	12.76	15.28
100	98	Do 12⅞pc 19.3.90	99	.....	12.94	15.20
100	98	Do 13⅛pc 23.4.90	99	.....	13.46	15.17
100	98	Do. 13pc 14.5.90	99	.....	13.80	15.14
100	98	Do 13pc 4/6/90	99	.....	13.76	15.07
100	99⅛	Do. 14pc 2.7.90	99	.....	14.36	14.99
100¼	98	Do. 13⅝pc 23.7.90	99	.....	13.71	14.97
100	98	Do. 13pc 13.8.90	99	...	13.56	14.96
100	98	Do 13½pc Bds 3.9.90	99	.....	13.63	14.85
109	98½	Do. 3⅞pcIL Ln 2021	108	−1	4.30	4.53
109	99⅛	Do. 4.25pcIL '24	107½	−1½	4.28	4.53

Public Board and Ind.

1989/90 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
47	43	Met. Wtr. 3pc 'B'	45	...	6.67	10.86

FOREIGN BONDS & RAILS

1989/90 High	Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
50	40	Greek 7pc Ass.	50	....	3.50	f7.00
50	40	Do 6pc 28 Stb. Ass.	50	..	3	f6.00
50	40	Do 4pc Mixed Ass.	50	....	2	f4.00
80	65	Hung '24 Ass.	80	......	2.75	f3.57
139	125	Hydro Quebec 15pc 2011	126	−1	15.00	11.62
128	113	Iceland 14½pc Ln 2016	115	−1	14.50	12.54
97¼	90	Ireland 9¾pc '91–96	90	−¼	10.74	11.90

AMERICANS

1989/90 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
44	26⅛	Abbott Laboratories‡	41	−1	$1.40	−	2.1
579p	361p	♦Allegheny & W 1c	509p	−27	30c	−	3.7
18	12	Amax $1	14	−⅛	80c	−	5.4
11	6	Ambase Corp $1	7	−½	20c	−	1.8
15	695p	Amdahl 5c	919p	−22	h10c	−	0.7
37	25½	Amer Cyanamid $5	33	−1	$1.35	−	2.6
25	14	Amer. Express 60c	21	−⅛	84c	−	2.5
29	15¼	American T & T. $1	27¼	−½	$1.20	−	2.8
43¼	26	Ameritech $1	39¼	−1	h$2.92	−	4.7
659p	490p	♦Asiamerica Equity‡	547p	+3	−	−	−

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1989/90 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
15¼	847p	Hasbro Inc 50c	12¾	.....	16c	–	0.8
57½	32¼	Honeywell $1½	52½	–1¼	$2.75	–	3.3
22⅝	15¼	Houston Inds ‖	21	–⅛	$2.96	–	8.9
76	56⅛	IBM Corpn $1¼	60⅞	–⅞	$4.84	–	5.0
60p	45p	Image Storage/R.Sys.1c	50p	.....	–	–	–
32	18¼	Ingersoll–Rand $2	31½	–⅞	$1.20	–	2.4
33¼	22½	Lockheed Crpn $1	25¼	+⅛	$1.80	–	4.5
22⅛	10⅜	Lone Star Inds $1	10⅜	–⅛	$1.90	–	11.7
28	17½	Louisiana Land 15c	25	–1⅞	$1.00	–	2.4
20½	11½	Lowe's 50c	17⅛	–⅛	48c	–	1.7
28	15	Manuf. Hanover $3	20¼	–1⅛	$3.28	–	10.2
22⅝	13	Merrill Lynch $1	16	–⅛	$1.00	–	3.9
24¼	19¼	Molex Inc	22⅛	–1	[illegible]	–	–
30¼	18⅛	Morgan (JP) $2½	26¼	–⅛	$1.66	–	3.9
28	24⅛	Morris (Philip)	25⅞	+⅛	$1.13	–	2.8
56	36⅛	NYNEX $1	52½	–1⅛	$4.36	–	5.3
34p	11p	N'wide Legal Serv ‖	11p	–4	–	–	–
24⅞	18¼	PHH Corp ‖	21⅛	+⅛	$1.16	–	3.4
259p	167p	Pacific Agr ‖	187p	+2	–	–	–
29⅛	19	Pacificorp $3¼	27⅛	–⅛	$2.76	–	6.0
31⅞	16⅞	Pacific Telesis 10c	29	–1⅛	$1.88	–	4.1
22	15¼	Pall Corp 25c	21	–⅛	48c	–	1.4
55⅛	39	Pennzoil 83 1/3c	52⅛	–2⅛	$3.00	–	3.6
42¼	28⅛	Quaker Oats $5	35¼	–⅛	$1.40	–	2.5
32⅛	23½	Rep NY Corpn $5	31	–1⅛	$1.28	–	2.6
16¼	11	Rockwell Intl $1	14	–⅛	78c	–	3.5
29½	22	Sears, Roebuck 75c	23⅛	.....	$2.00	–	5.3
40½	21⅛	Southwestern Bell $1	36	–1⅛	$2.60	–	4.6
27	17	Sun Co Inc $1	25	+⅛	$1.80	–	4.5
31⅞	22	TRW Inc 62½c	30⅞	–1	$1.72	–	3.5
40	26¼	Tenneco $5	36	–1⅛	$3.04	–	5.2
36	28	Texaco $6 25	34⅛	–1⅛	$3.00	–	5.5
28	18	Texas Instr $1	21⅛	–1⅛	72c	–	2.1
117	58⅛	Time Inc. $1	80	–1⅛	$1.00	–	0.8
19	13	TRINOVA Corp	15⅛	–⅞	96c	–	2.8
26¼	16	USX $1	22	–⅛	$1.40	–	4.0
325p	125p	Unitab	318p	–2	–	–	–
36⅛	22½	Utd Technologies	33⅛	–⅛	$1.60	–	3.1
168p	121p	Utilitech Inc	136p	–4	–	–	–
50¼	31½	US West‖	46⅛	–1	$3.76	–	5.1
22½	11	Waste Management $1	21⅛	–⅛	30c	–	0.9
20½	13½	Whirlpool $1	19⅛	–⅛	$1.10	–	3.6
22	16	Whitman Corp	17¼	–½	$1.02	–	3.6
40	28⅛	Woolworth $3½	39½	–1⅛	$1.88	–	3.0

CANADIANS

High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
186p	129p	ABM Gold Corp ‖	157p	–1	–	–	–
26	4½p	Asbot Energy Corp	[illegible]		–	–	–
10⅛	401p	Amer. Barrick Res.	10¼	+⅛	–	–	–
39½p	10½p	Anneno	21p	.....	–	–	–
33½p	6⅞p	Augmitto Explo	8	–⅛	–	–	–
19¼	12⅞	Bk. Montreal ‖	17⅛	–⅛	$2.12	–	6.7
10⅛	655p	Bk. Nova Scot.‖	838p	–3	92c	–	6.0
841p	599p	BC Gas $1	792p	–6	60c	–	4.1
24½	17	BCE ‖	23⅛	–⅛	[illegible]	–	5.6
17	12⅛	Brascan‖	14⅛	–⅛	60c	–	3.4
228p	108p	Breakwater Res.	148p	+6	10c	–	3.7
18¼	11⅛	Can Imp Bank‖	16⅛	–⅛	$1.24	–	4.0

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

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Teas

MINES

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Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES — Contd

Miscellaneous

THIRD MARKET

1989/90 High	Low	Stock		Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
17½	5	Staks Hldgs. 5p	y	5	.....	–	–	–	13.0
3½	1¼	Swanyard Studios 1p	y	1¼	.....	–	–	–	8.4
11	2½	Systems Connections 2½p	y	2¼	.....	–	–	–	3.6
50	28	Tavern Lels. 20p	y	37	+2	–	–	–	–
115	28	Tomorrows Leisure 20p	y	94	.....	–	–	–	35.8
115	55	UPL Group 10p	y	55	.....	2.75	1.9	6.7	10.4
150	128	Unit Group	y	129	.....	5.0	3.3	5.2	7.3
100	66	Video Magic Leis. 1p	y	79	–1	W2.0	0.7	3.4	63.3
14	4½	Vista Ents 5p	y	5	+½	–	–	–	–
40	15	Vizcaya Hldgs 5p	y	18	+2	–	–	–	–
46½	23	Whitegate Leisure 10p	y	40½	+1	–	–	–	–
32½	10	Do. Wrrnts	y	25	.....	–	–	–	–
10½	4½	Wilton Group 1p	y	5	.....	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ◆ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend. cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights, xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	y	90	–1
Craig & Rose £1	y	830	.....
Finlay Pkg 5p	y	58	.....
Holt (Jos) 25p	y	1340	–8

IRISH

Cap 8½% Ln. 1991	£96¼	.....
9pc Cap Ln 1996	£96	.....
Fin. 13% 97/02	£115	.....
Arnotts	405	.....
Carrol (P.J.) y	165xd	.....
Hall (R. & H.)	195	.....
Helton Hldgs. y	100	+1
IRG	207xr	.....
United Drug	170	+4

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5¼
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	28
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons.	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	60
Grand Met	44
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	31
Lucas Inds	54
Marks & Spencer	16
Midland Bk.	26
Morgan Grenfell	38
Nat West. Bk	23
P & O Dfd	51
Polly Peck	38
Racal Elect	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	29
Sears	9
SmKl Beecham A	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	58

Property

Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	10½
Shell	37
Tuskar Res.	12
Ultramar	28½

Mines

Lonrho	23
RTZ	45

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Rate trends depress dollar

THE DOLLAR weakened against European currencies, but was slightly firmer in terms of the Japanese yen at the close of trading in London yesterday. The Bank of Japan sold dollars in Tokyo, but there was no further intervention during European trading.

The D-Mark remained firm pulling other European currencies higher, including sterling. News that the West German current account surplus rose to DM9.6bn in November, from DM7.6bn in October, contributed to the D-Mark's rise, boosting it to the strongest level against the dollar since April 1988. Interest rate differentials also continued to favour the German currency, as First National Bank of Chicago led a round of cuts to 10 per cent from 10½ per cent in US bank prime rates.

The reduction in prime rates was generally expected however, following the recent easing of the US Federal Reserve's monetary stance, but there was some surprise when the Fed kept the downward pressure on rates yesterday by adding reserves to the New York banking system, via three-day system repurchase agreements, when Fed funds were trading at the assumed target rate of 8¼ per cent.

Despite the decline in US rates the trend in Germany is expected to stay firm, on fears in Bonn about the inflationary implications from the liberalisation of eastern Europe. The Bundesbank's decision to revert to variable bid rates at its last securities repurchase agreement tender is expected to continue this week and is taken as a sign that the central bank intends to keep its monetary policy tight.

At the close of trading in London the dollar had fallen to DM1.6690 from DM1.6810; to SFr1.5235 from SFr1.5355; and to FFr5.6910 from FFr5.7400. It rose to Y144.05 from Y143.75 however. According to the Bank of England the dollar's index fell to 66.7 from 67.0.

The latest UK economic news on consumer credit and retail sales did not appear to bring a cut in bank base rates any nearer. This helped support sterling, in spite of a sharp fall in North Sea oil prices. The pound gained 1.55 cents to $1.6535. It also climbed to DM2.7600 from DM2.7525; to Y238.25 from Y235.50; to SFr2.5200 from SFr2.5150; and to FFr9.4100 from FFr9.4025. Sterling's index, on Bank of England figures, rose 0.2 to 87.2.

Friday's devaluation of the Italian lira within the European Monetary System took the pressure off the exchange rate mechanism, but led to suggestions that countries such as France, Ireland and Denmark will be forced to raise interest rates in the near future if a further realignment of the system is to be avoided.

In Milan the D-Mark was fixed at L748.00, compared with L750.65 on Friday, but was close to its new EMS central rate of L748.217. The Bank of Italy did not intervene. As calm returned to the system the weak Danish krone also improved against the D-Mark.

£ IN NEW YORK

Jan.8	Latest	Previous Close
£ Spot	1.6535-1.6545	1.6355-1.6365
1 month	0.84-0.83pm	0.92-0.91pm
3 months	2.39-2.36pm	2.60-2.56pm
12 months	8.38-8.28pm	8.87-8.77pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.8	Previous
8.30 am	87.2	86.8
9.00 am	87.3	87.0
10.00 am	87.5	86.9
11.00 am	87.4	86.9
Noon	87.3	86.9
1.00 pm	87.3	87.0
2.00 pm	87.3	87.0
3.00 pm	87.2	87.0
4.00 pm	87.2	86.7

CURRENCY RATES

Jan.8	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling ‡	-	1.25816	1.36300
U.S Dollar	7	1.31857	1.20837
Canadian $	12.46	1.52888	1.40267
Austrian Sch.	6½	15.6554	14.2636
Belgian Franc	10¼	46.9839	42.5979
Danish Krone	10½	8.67751	7.87615
Deutsche Mark	6.00	2.22601	2.02824
Neth.Guilder	7.00	2.52638	2.29034
French Franc	10¼	7.73848	6.92394
Italian Lira	13½	1671.61	1517.71
Japanese Yen	4¼	189.347	174.609
Norway Krone	8	8.64718	7.87794
Spanish Peseta	-	144.133	132.316
Swedish Krona	9¼	8.14876	7.43145
Swiss Franc	6.00	2.03653	1.84880
Greek Drach.	20½	209.264	189.424
Irish Punt	-	0.846339	0.769170

‡ Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Jan.5

CURRENCY MOVEMENTS

Jan.8	Bank of England Index	Morgan** Guaranty Changes %
Sterling	87.2	-24.2
U.S Dollar	66.7	-11.5
Canadian Dollar	104.6	+2.0
Austrian Schilling	110.7	+12.9
Belgian Franc	110.2	-3.2
Danish Krone	109.5	+3.4
Deutsche Mark	119.8	+26.1
Swiss Franc	106.5	+14.3
Guilder	115.2	+17.0
French Franc	103.0	-12.5
Lira	100.2	-19.3
Yen	129.3	+60.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Jan.5.

OTHER CURRENCIES

Jan 8	£	$
Argentina	2930.50 - 3014.60	1775.00 - 1825.00
Australia	2.0980 - 2.1000	1.2720 - 1.2730
Brazil	20.1595 - 20.2875	12.2090 - 12.2790
Finland	6.5720 - 6.5845	3.9850 - 3.9870
Greece	256.70 - 261.20	155.70 - 158.25
Hong Kong	12.8740 - 12.8890	7.8105 - 7.8125
Iran	114.20*	69.50*
Korea(Sth)	1105.35 - 1123.25	678.20 - 683.60
Kuwait	0.4810 - 0.4820	0.2935 - 0.2945
Luxembourg	57.90 - 58.00	35.00 - 35.10
Malaysia	4.4580 - 4.4690	2.7010 - 2.7030
Mexico	4426.85 - 4460.95	2681.00 - 2781.00
N. Zealand	2.7525 - 2.7585	1.6675 - 1.6705
Saudi Ar.	6.1400 - 6.1440	3.7500 - 3.7510
Singapore	3.1225 - 3.1285	1.8940 - 1.8960
S. Af (Cm)	4.1875 - 4.1985	2.5400 - 2.5430
S. Af (Fn)	5.8935 - 6.0060	3.5710 - 3.6365
Taiwan	42.75 - 42.85	25.90 - 25.95
U.A.E.	6.0125 - 6.0160	3.6720 - 3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

Jan 8	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15⅛-14⅞	15⅛-15	15⅛-15⅛	15⅛-15⅛	15-14⅞	14¾-14⅝
US Dollar	8⅛-8⅛	8⅛-8⅜	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼
Can. Dollar	12-11¾	12-11¾	12⅛-11⅞	12⅛-11⅞	11⅞-11⅞	11¾-11½
D. Guilder	8⅞-8⅝	8⅞-8⅝	8¼-8⅛	8⅞-8¼	8⅞-8¼	8⅞-8¼
Sw. Franc	9⅞-9⅝	9⅞-9⅝	9⅛-9⅛	9¼-9⅛	9⅛-9	8⅞-8⅞
Deutschmark	7⅝-7⅛	7⅞-7⅝	8⅛-7⅞	8⅞-8⅜	8⅝-8¼	8⅝-8¼
Fr. Franc	11⅛-10⅞	11⅛-10⅞	11¼-11⅛	11⅞-11⅞	11⅞-11⅞	11⅞-11⅞
Italian Lira	13-11	12¼-11¾	12½-12	12¾-12¾	12⅞-12⅝	13⅛-12⅞
B. Fr (Fin)	10⅜-10⅛	10⅞-10¼	10½-10⅜	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛
B. Fr (Con)	10⅛-10⅛	10⅝-10¼	10¼-10⅝	10⅛-10⅝	10¼-10⅝	10¼-10⅝
Yen	6⅛-6⅛	6½-6⅜	6⅞-6⅞	6⅞-6⅞	7⅛-6⅞	7-6⅞
D.Krone	12¼-12	12⅜-12⅛	12⅜-12⅛	12⅞-12⅛	12¼-11⅞	11⅞-11⅞
Asian $Sing	8⅛-8⅛	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅛-8⅛	8⅛-8⅛

Long term Eurodollars: two years 8½-8⅜ per cent; three years 8⅝-8½ per cent; four years 8¾-8⅝ per cent; five years 8⅞-8⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Jan.8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6350 - 1.6545	1.6530 - 1.6540	0.99-0.97cpm	7.11	2.63-2.60pm	6.33
Canada	1.8995 - 1.9190	1.9170 - 1.9180	0.51-0.45cpm	3.00	1.33-1.22pm	2.66
Netherlands	3.10¼ - 3.13	3.11 - 3.12	1¾-1⅝cpm	6.74	4⅝-4½pm	5.86
Belgium	57.75 - 58.30	57.90 - 58.00	25-23cpm	4.97	63-59pm	4.21
Denmark	10.66¾ - 10.77	10.72¾ - 10.73¾	3½-2⅝orepm	3.22	7⅝-6¾pm	2.70
Ireland	1.0430 - 1.0615	1.0460 - 1.0470	0.35-0.30ppm	3.73	0.85-0.75pm	3.06
W. Germany	2.75¼ - 2.77¼	2.75¼ - 2.76¼	1¾-1⅝pfpm	7.34	4⅝-4¼pm	6.25
Portugal	243.30 - 245.60	243.90 - 244.90	57-140cdis	-4.84	177-422dis	-4.90
Spain	178.55 - 181.10	180.20 - 180.50	2-7cdis	-0.30	26¼-21⅝pm	0.53
Italy	2059 - 2071	2066 - 2067	6-3lirepm	2.61	12-9pm	2.03
Norway	10.69½ - 10.76¼	10.73 - 10.74	3-2⅝orepm	3.74	7¼-6½pm	2.54
France	9.39 - 9.46	9.40½ - 9.41½	3½-3¼cpm	4.22	7¾-7¼pm	3.19
Sweden	10.10¾ - 10.15¼	10.13 - 10.14	2½-2⅛orepm	2.96	5⅝-5⅛pm	2.07
Japan	236½ - 238¾	237¾ - 238¾	1⅞-1¾ypm	9.15	4⅝-4pm	7.84
Austria	19.31 - 19.54	19.37 - 19.41	7⅞-6⅛gropm	4.33	26½-21⅝pm	4.96
Switzerland	2.51¼ - 2.52¾	2.51½ - 2.52½	1⅝-1⅛cpm	5.95	3½-3⅛pm	5.46
ECU	1.3645 - 1.3670	1.3650 - 1.3660	0.49-0.46cpm	4.17	1.19-1.14pm	3.41

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 57.90-58.00 Six-month forward dollar 5.08-5.03cpm 12 Months 9.02-8.92cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6350 - 1.6545	1.6530 - 1.6540	0.99-0.97cpm	7.11	2.63-2.60pm	6.33
Ireland†	1.5575 - 1.5815	1.5800 - 1.5810	0.50-0.45cpm	3.63	1.38-1.28pm	3.39
Canada	1.1590 - 1.1625	1.1595 - 1.1605	0.39-0.41cdis	-4.14	1.06-1.10dis	-3.72
Netherlands	1.8790 - 1.9125	1.8835 - 1.8845	0.06-0.08cdis	-0.44	0.22-0.27dis	-0.52
Belgium	35.00 - 35.60	35.00 - 35.10	5.20-7.70cdis	-2.20	15.00-22.50dis	-2.13
Denmark	6.46¼ - 6.58	6.48½ - 6.49	2.06-2.32oredis	-4.03	5.80-6.30dis	-3.71
W. Germany	1.6625 - 1.6940	1.6685 - 1.6695	0.05-0.02pfpm	0.25	0.03pm-pardis	-0.04
Portugal	147.55 - 147.90	147.80 - 147.90	125-175cdis	-12.11	360-460dis	-11.03
Spain	108.80 - 110.05	108.95 - 109.05	65-72cdis	-7.50	190-200dis	-7.12
Italy	1246 - 1265½	1249½ - 1250	4.90-5.00liredis	-4.78	13.00-16.50dis	-4.70
Norway	6.40¼ - 6.57	6.49 - 6.49½	2.10-2.35oredis	-4.10	6.10-6.50dis	-3.87
France	5.68 - 5.77¼	5.68¾ - 5.69¼	1.30-1.50cdis	-2.93	4.40-4.70dis	-3.18
Sweden	6.12 - 6.19	6.12¾ - 6.13¼	1.95-2.10oredis	-3.95	6.40-6.75dis	-4.28
Japan	143.85 - 144.65	144.00 - 144.10	0.25-0.23ypm	1.99	0.54-0.51pm	1.45
Austria	11.71¾ - 11.90½	11.74¼ - 11.74¾	1.20-2.40grodis	-1.83	1.50-4.20dis	-0.96
Switzerland	1.5185 - 1.5445	1.5230 - 1.5240	0.14-0.17cdis	-1.22	0.27-0.32dis	-0.77
ECU	1.1945 - 1.2125	1.2080 - 1.2090	0.29-0.28cpm	2.83	0.89-0.86pm	2.90

Commercial rates taken towards the end of London trading † UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.00-35.10.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.5979	+1.02	+1.02	±1.5508
Danish Krone	7.79845	7.87613	+1.00	+1.00	±1.6453
German D-Mark	2.04446	2.02824	-0.79	-0.79	±1.1762
French Franc	6.85684	6.92394	+0.98	+0.98	±1.3618
Dutch Guilder	2.30358	2.29034	-0.57	-0.57	±1.5272
Irish Punt	0.763159	0.769170	+0.79	+0.79	±1.6689
Italian Lira	1529.70	1517.71	-0.78	-0.78	±1.5162
Spanish Peseta	132.889	132.316	-0.43	-0.43	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan.8	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.654	2.760	238.3	9.410	2.520	3.115	2067	1.918	57.95
$	0.605	1	1.669	144.1	5.689	1.524	1.883	1250	1.160	35.04
DM	0.362	0.599	1	86.34	3.409	0.913	1.129	748.9	0.695	21.00
YEN	4.196	6.941	11.58	1000.	39.49	10.57	13.07	8674	8.049	243.2
F Fr.	1.063	1.758	2.933	253.2	10.	2.678	3.310	2197	2.038	61.58
S Fr.	0.397	0.656	1.095	94.56	3.734	1	1.236	820.2	0.761	23.00
H Fl.	0.321	0.531	0.886	76.50	3.021	0.809	1	663.6	0.616	18.60
Lira	0.484	0.800	1.335	115.3	4.552	1.219	1.507	1000.	0.928	28.04
C $	0.521	0.862	1.439	124.2	4.906	1.314	1.624	1078	1	30.21
B Fr.	1.726	2.854	4.763	411.2	16.24	4.349	5.375	3567	3.310	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 1268 Puts 1560. Previous day's open int. Calls 13465 Puts 6564

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 405 Puts 211. Previous day's open int. Calls 1933 Puts 1092

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 3450 Puts 2534. Previous day's open int. Calls 25985 Puts 24273

LIFFE £/$ OPTIONS £25,000 (cents per £1)

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 0 Puts 0. Previous day's open int. Calls 85 Puts 1

LIFFE EURODOLLAR OPTIONS $1m points of 100%

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 39 Puts 0. Previous day's open int. Calls 2775 Puts 6552

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 3432 Puts 1767. Previous day's open int. Calls 36120 Puts 16673

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls				Puts			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6535	1.6437	1.6274	1.6050	1.5658

IMM-STERLING Se per £

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume 17215 (15509). Previous day's open int. 32944 (32159)

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume 1446 (1278). Previous day's open int. 3552 (3158)

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume 57742 (46849). Previous day's open int. 33481 (33254)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume 121 (117). Previous day's open int. 858 (890)

THREE MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Est. Vol. (inc. figs. not shown) 20814 (23843). Previous day's open int. 120462 (118855)

THREE MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Est. Vol. (inc. figs. not shown) 4018 (3455). Previous day's open int. 31357 (30732)

THREE MONTH EUROMARK DM 1m points of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume 5090 (7170). Previous day's open int. 24304 (23408)

THREE MONTH ECU ECU 1m points of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume 344 (467). Previous day's open int. 1291 (1320)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev.
Mar	2479.0	2490.0	2471.0	2490.0
Jun	2522.0	2521.0	2521.0	2532.0

Estimated volume 3348 (3653). Previous day's open int. 22604 (21867)

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 90 Vol	Feb. 90 Last	May 90 Vol	May 90 Last	Aug. 90 Vol	Aug. 90 Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS : 40,023

A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Little change

INTEREST RATES remained little changed on the London money market, despite some mildly disappointing economic data. UK consumer credit advanced in November to a seasonally adjusted £3.8bn, compared with £3.7bn in October. A figure of around £3.5bn was expected. On the other hand, retail sales in November were not as depressed as previously stated. Final figures on sales showed a fall of 0.4 per cent, against the provisional estimate of a 0.8 per cent drop.

UK clearing bank base lending rate 15 per cent from October 5

The impact on the market was marginal however, with three-month sterling interbank remaining at 15⅛-15⅟₁₆ per cent. On Liffe short sterling futures opened weaker, at 85.40 for March delivery, and fell to a low of 85.33 after the economic news, before closing at 85.36, against 85.42 on Friday.

The Bank of England forecast a money market credit shortage of £650m and provided total help of £585m.

Before lunch the authorities bought £336m bills outright, by way of £112m bank bills in band 1 at 14⅞ per cent; £10m Treasury bills in band 2 at 14¾ per cent; and £214m bank bills in band 2 at 14¾ per cent. In the afternoon another £224m bills were purchased outright, via £62m bank bills in band 1 at 14⅞ per cent and £162m bank bills in band 2 at 14¾ per cent. Late assistance of around £25m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £477m, with the unwinding of repurchase agreements absorbing £579m, exchequer transactions £10m, and bank balances below target £230m. These outweighed a fall in the note circulation adding £650m to liquidity.

In Frankfurt call money was unchanged at 7.70 per cent in quiet trading. Dealers are waiting for the terms of this week's securities repurchase agreement tender from the Bundesbank. On Wednesday DM19.8bn drains from the banking system as an earlier pact expires, and it is widely expected that the authorities will provide new money via a variable rate tender.

Mr Helmut Schlesinger, deputy president of the Bundesbank, said last week that a switch to variable rate tenders was a return to normality after three months of fixed rate pacts at 7.3 per cent. This indicates that the central bank is no longer prepared to subsidise banks by providing repurchase funds at ½ point below the call rate.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.8) 3 months US dollars		6 months US Dollars	
bid 8¼	offer 8⅜	bid 8¼	offer 8⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

[illegible]	[illegible]	[illegible]	[illegible]

Jan.8	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Jan 8	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt. Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

BASE LENDING RATES

	%		%		%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PUBLIC NOTICES

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE

CANADA - UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND CONSIGNEES

BUNKER ADJUSTMENT FACTOR

The Member Lines of the above Conferences operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes Ports would refer Shippers and Consignees to the press announcement in November 1989 and would advise that as a result of the Lines' December review of Bunker Costs the Bunker Adjustment Factor will be increased with effect from 1st February 1990 to the following levels:-

20 Foot Containers	Can. Dlrs 33.00
40 Foot Containers	Can. Dlrs 66.00
Service 3	3.50 Percent of Freight

The Bunker Adjustment is exempt from the Conference Currency Adjustment Factor.

The Member Lines will continue to review Bunker costs and any further change in the amount of Bunker Adjustment Factor payable will be announced when warranted.

Atlantic Container Line B.V.
Canada Maritime Ltd
Cast (1983) Ltd
Hapag-Lloyd A.G.
Orient Overseas Container Line (UK) Ltd

Canadian Atlantic Freight Secretariat Limited Secretaries

Stoner House
Kilnmead, Crawley
West Sussex, RH10 2BG.

January 1990

ART GALLERIES

JOTTER PAD

CROSSWORD

No.7,133 Set by VIXEN

ACROSS

1 Backing airmen if dealing with monetary affairs (6)
4 Bill's on the line to confer (8)
8 Accountant taking editor's place answered for copy (7)
9 Well-educated guy with strong following. Quite a dog! (7)
11 Run and puff – nurse needed (10)
12 The monster therefore would appear regressive (4)
13 Though stony, gets notice about credit (5)
14 Making some modification to integral components (8)
16 A number will be fed into poultry to increase the size (8)
18 Classify cattle-grazing (5)
20 Fancy a little cottage beside a lake (4)
21 Overcrowded conditions costing one work (10)
23 Common man who has attained high rank (7)
24 Marked dates in incorrectly (7)
25 Youngsters create such a mess! (6)
26 The accent may well be on the foot (6)

DOWN

1 At liberty to have a meal about mid-afternoon (5)
2 The serving man found a buyer – that's right (7)
3 A person making plans for the Arctic's development (9)
5 Seating for the small child put on display (5)
6 Beat gold in the open (7)
7 Stay in continental church to show respect (9)
10 Produce notes about coach taxing (9)
13 Rush – sound plant (9)
15 As a counsellor under some eminence he'll cause trouble (9)
17 Old monarch greeting a good man, being most thoughtful (7)
19 Trivial matter of registering hospital admission (7)
21 React badly – bring a case (5)
22 Assuming a bovine look is a bloomer (2-3)

Solution to Puzzle No.7,132

LOMBARDY HUMPED
A A F A P R A
POLYGAMY ARDOUR
S I H A I D K
EXCHANGE IGNITE
D E N E O H G N
BALUSTRADE
R S S B A S L D
EPISTOLARY
P D O E A M P S
EXEMPT ANTELOPE
A L P T R R A
TWOWAY SINISTER
E N G N N I C
RUGGED CENOTAPH

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | GERMANY | ITALY | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | SOUTH AFRICA

[illegible]

JAPAN | AUSTRALIA | HONG KONG | MALAYSIA | SINGAPORE

[illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) Unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO
4pm prices January 8

Quotations in cents unless marked $.

[illegible]

MONTREAL
4pm prices January 8

[illegible]

Total Sales 5,599,217 shares.

INDICES

NEW YORK

DOW JONES	Jan 8	Jan 5	Jan 4	Jan 3	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2794.58	2773.25	2796.08	2809.73	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	92.89	92.93	93.01	93.04	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1178.34	1179.23	1187.77	1191.50	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	225.67	227.43	230.76	234.15	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 2803.97 (2810.15) Low 2753.41 (2758.11)

STANDARD AND POOR'S	Jan 8	Jan 5	Jan 4	Jan 3	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	353.79	352.20	355.66	358.76	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	406.09	404.20	407.59	410.40	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	31.41	31.38	31.67	31.87	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	195.33	194.64	196.29	197.80	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	381.62	382.45	382.16	382.42	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	458.71	458.22	459.39	460.90	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Jan 5	Dec 29	Dec 15	year ago (approx.)
Dow Industrial Div. Yield	3.84	3.87	3.89	3.66
	Jan 3	Dec 27	Dec 20	year ago (approx.)
S & P Industrial div. yield	2.86	2.95	2.90	3.17
S & P Indl. P/E ratio	15.19	14.74	14.51	13.00

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Philip Morris	3,316,900	41	− 1⅛
Pan Am Corp	3,131,900	3½	+ ⅛
Gen Electric	1,250,400	66	+ ⅜
A T & T	1,207,900	45⅜	+ 1⅛
First Fidelity	1,206,600	22⅝	− ⅝
IBM	1,156,400	100⅜	+ ⅜
Fannie Mae	1,152,200	36⅞	+ ⅜
US Shoe Corp	1,120,900	21¼	+ ½
Chase Manhattan	1,078,600	33⅝	− 1
Exxon	1,075,500	49½	+ ⅛

TRADING ACTIVITY

† Volume Millions	Jan 8	Jan 5	Jan 4
New York	140,110	158,530	177,000
Amex	12,860	14,361	12,868
NASDAQ	(u)	137,227	147,950
Issues Traded	1,976	1,962	1,971
Rises	807	573	639
Falls	697	936	914
Unchanged	472	453	418
New Highs	33	36	54
New Lows	20	8	13

CANADA

TORONTO	Jan 8	Jan 5	Jan 4	Jan 3	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3359.21	3399.97	3453.05	3452.90	3919.2 (1/9/89)	3207.5 (3/1/89)
Composite	3971.07	3990.37	4000.91	4009.47	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	2022.39	2035.23	2049.41	2060.90	2069.64 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 8	Jan. 5	Jan. 4	Jan. 3	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1699.7	1710.8	1706.8	1686.2	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	860.6	860.8	856.2	852.3	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	550.72	542.67	551.50	556.54	556.54 (3/1/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	6553.83	6572.50	6596.35	6660.06	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	364.51	362.21	362.14	360.33	364.51 (8/1/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	607.8	605.3	598.5	596.4	815.8 (18/4/89)	580.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	548.2	554.7	550.2	(u)	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1968.95	1994.36	2006.42	1979.89	-	-
GERMANY						
FAZ Aktien (31/12/58)	766.31	755.91	761.97	774.96	774.96 (3/1/90)	536.78 (27/2/89)
Commerzbank (1/12/53)	2262.8	2231.2	2251.1	2291.3	2291.3 (3/1/90)	1595.7 (27/2/89)
DAX (30/12/87)	1843.24	1820.00	1835.88	1869.66	1869.66 (3/1/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2816.24	2839.94	2867.95	2858.72	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1860.89	1855.95	1855.96	1845.35	1860.89 (8/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital (1972)	702.07	701.12	700.24	(u)	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	38294.96	38274.76	38712.88	(c)	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2834.11	2834.61	2867.70	(c)	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	3948.78	3939.21	3949.88	(c)	3949.88 (4/1/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite	583.47	582.58	586.06	582.68	-	-
NETHERLANDS						
CBS Ttl Rtn Gen (End 1983)	261.1	262.2	265.8	269.0	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	200.3	201.1	203.9	206.3	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	730.75	731.16	735.35	724.69	735.35 (4/1/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1127.39	1124.19	1119.33	1109.74	1395.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore	429.62	426.17	427.74	421.69	-	-
SOUTH AFRICA						
JSE Gold (28/9/78)	2203.08	2095.0	2019.0	2017.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	2931.06	2892.0	2853.0	2807.0	2931.0 (8/1/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	919.46	915.11	928.82	908.59	1007.80 (3/4/89)	844.75 (11/12/89)
SPAIN						
Madrid SE (30/12/85)	298.23	299.21	302.85	301.45	328.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Jacobson & P. (31/12/56)	(u)	4449.5	4364.4	4290.9	4660.3 (16/8/89)	3333.9 (3/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	776.3	775.6	783.1	782.5	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	9964.72	9862.42	9853.15	(c)	10773.11 (25/9/89)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	906.71	918.67	902.07	897.34	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	566.4	571.0	569.1	571.0 (4/1/90)	487.6 (13/6/89)

**Saturday Jan. 6. Taiwan Weighted Price: 9927.06 Korea Comp Ex. 912.86

& Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday January 8 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Kurabo	11.9m	933	+25	Marubeni	8.3m	1,110	0
Dowa Mining	11.7m	1,520	+60	Fuji Electro	8.2m	1,240	+40
Sumitomo Mtl	10.3m	823	-15	C.Itoh	7.8m	1,220	+10
Toyo Menka	9.8m	1,120	+10	Nippon Beet	7.7m	1,490	-40
Sanyo Electric	9.1m	1,020	-10	Daihen	7.3m	1,190	+70

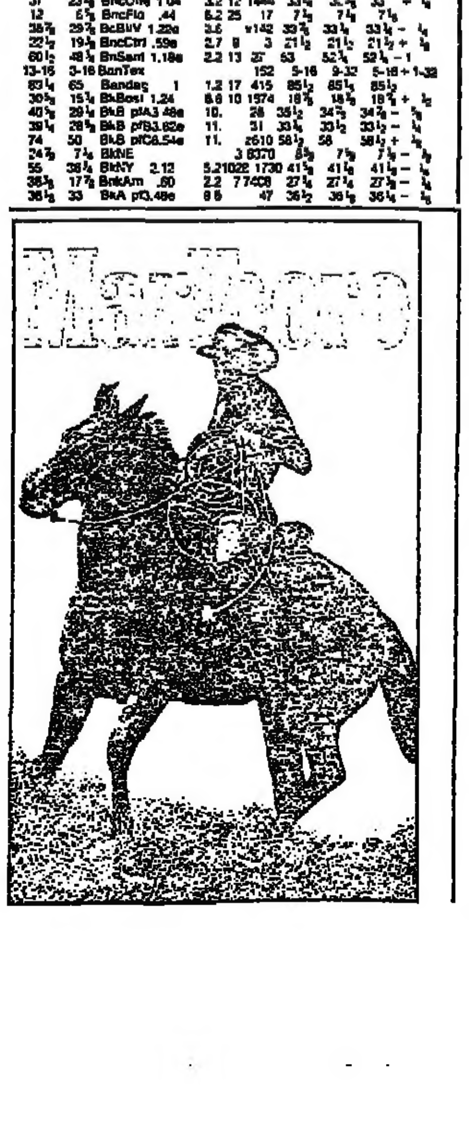
AMEX COMPOSITE PRICES
4pm prices January 8

[illegible]

4pm prices January 8

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	24	AAR	.48	1.4	21	208	35⅞	35½	36¼	– ⅛
9⅝	8½	ACM n	1.26	13.		156	9½	9⅜	9⅜	– ⅛
11⅝	10½	ACMIn	1.26	11.		z408	11¼	11	11⅛	
9⅞	8	ACMM	n1.01	11.		z324	9⅛	8⅞	9⅛	+ ⅛
11½	10	ACM Sc	1.26	11.		1420	11¼	11	11⅛	
9⅞	9⅜	ACMSp	1.01	11.		562	9⅛	9	9⅛	+ ⅛
19⅝	11½	AL Lab	.16	.9	19	169	18⅞	18⅜	18¼	– ⅛
4⅜	3⅛	AMCA	.12e	3.4	9	36	3⅝	3½	3½	
6⅛	3⅞	AM Int			9	321	4	3⅞	3⅞	
23½	18⅝	AM In pf	2	11.		24	18⅛	17⅞	18⅛	+ ¼
107¼	52¼	AMR			7	4224	59⅝	58⅝	59⅛	– ½
6¼	3⅛	ARX				91	3⅝	3½	3½	
55¼	38¼	ASA	3a	5.3		1207	58⅛	57	57⅛	– ¼
31⅛	16⅛	AVX	.24	.8	31	3657	u31⅞	31⅛	31⅝	+ ⅜
70⅜	46⅛	AbtLab	1.40	2.0	19	x3721	68⅞	67¾	68⅝	+ ⅝
18¼	11⅝	Abitibi g	.50			571	11⅝	11½	11½	+ ⅛
13	9¼	AcmeC	.40	3.5	19	45	11⅝	11⅝	11½	
9¼	6	AcmeE	.32	3.5	12	1	9¼	9¼	9¼	+ ⅛
38½	22	Acuson			20	1694	31½	30¼	30⅜	– 1¼
18½	12⅞	AdaEx	2.05e	13.		291	16⅜	16	16⅛	
15⅝	8½	Adobe				502	12⅞	12⅝	12⅝	– ⅛
20¼	16½	Adob pf	1.84	9.6		13	19⅝	19⅜	19⅛	
21⅝	19⅞	Adob pf	2.40	11.		2	21⅛	21⅛	21⅛	+ ⅛
10½	7⅛	AMD				2385	7⅝	7½	7⅝	
35	28½	AMD pf	3	10.		47	29¾	29½	29¾	
10⅛	6⅝	Advest	.16	2.1	11	6	7½	7½	7½	
62½	46¾	AetnLf	2.76	4.8	9	1728	57⅞	57¼	57¾	+ ¼
14	11	AhlPb	.24	2.1		891	11⅝	11½	11⅝	+ ⅛
26	16⅛	Ahmans	.88	4.6	10	6318	19⅛	18⅝	19⅛	+ ⅜
3⅞	2⅛	Aileen				45	2⅛	2¼	2¼	– ⅛
49⅞	40	AirPrd	1.32	2.6	12	2273	u50¼	49⅞	50	+ ½
39⅝	21½	AirbFrt	.60	1.6	19	310	38	36⅞	37⅝	+ ⅝



Continued on Page 41

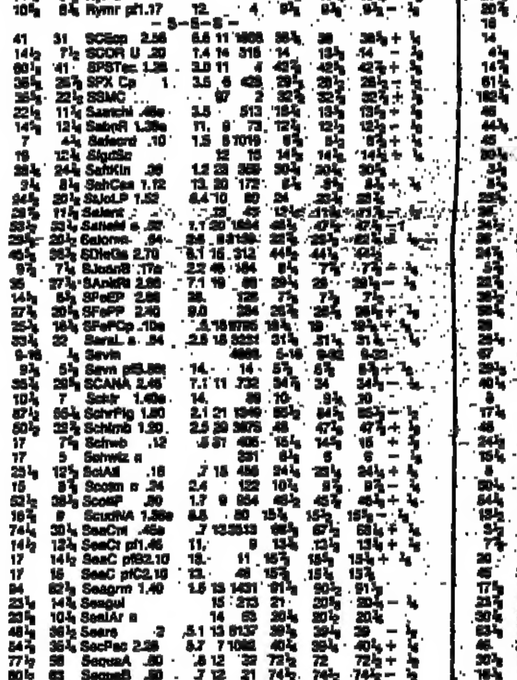
NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
43½	22⅞	ProgCp	.44	1.1	10	179	38¾	38½	38¾	+ ⅛
29⅞	19⅞	Proler s	.56	2.4	8	235	22⅞	22½	22⅞	- ⅛
10⅝	9	PrTAm	.84	9.0	21	3	9⅜	9⅜	9⅜	+ ⅛
10⅛	5⅞	ProsSt	1.08	18.		431	6⅛	6	6⅛	
9½	7⅝	Pruint	.96	11.		x944	8½	8¼	8⅜	
1⅜	3-16	PruRtC			3	27	⅞	13-16	⅞	+ 1-16
6¾	5⅜	PruRl	.66	11.		105	6⅛	6	6⅛	+ ⅛
9	7⅛	PruStr	1.05a	14.		x1239	7⅝	7⅜	7⅝	+ ⅛
27	20	PSvCol	2	8.0	9	x2951	25⅛	24⅞	25	- ½
24	20½	PSCol pf2.10		9.1		6	23⅛	22⅞	23⅛	- ¼
13⅞	10⅝	PSIn pfC1.08		9.0		z20	12	12	12	+ ⅛
6⅛	2⅝	vjPSNH			81	733	3¼	3⅛	3¼	
21⅛	7	vjPSNH pf				z700	20¼	20½	20⅛	- ⅛
20⅞	7½	vjPNH pfB				46	20½	20⅜	20⅜	- ⅛
21	8¼	vjPNH pfD				12	20⅝	20⅝	20⅝	- ¼
21⅜	8¼	vjPNH pfE				84	20⅞	20⅝	20¾	+ ⅛
21¼	8⅛	vjPNH pfF				16	20¾	20½	20½	- ⅛
21	8⅛	vjPNH pfG				61	20¾	20½	20⅝	+ ⅛
15⅞	10⅛	PSvNM				1438	14⅝	14¼	14½	- ⅛
29¾	23	PSEG	2.08	7.4	11	1419	28	27⅝	28	+ ⅛
77¾	66½	PSEG pf6.80		8.9		z10	76½	76½	76½	- ½
89	75⅝	PSEG pf7.70		9.0		137	86	86	86	- 1½
90¼	75¾	PSEG pf7.80		9.0		z100	87⅛	87⅛	87⅛	
3⅜	1⅞	Publick				128	2⅛	2	2	- ⅛
50½	41⅛	PR Cem	.80e	1.6	7	x1	50¾	50¾	50¾	+ ¼
22½	18	PugetP	1.76	8.0	10	393	22	21¾	22	+ ⅛
12½	9¾	PDPI n	.10e	.9		291	11	10¾	11	+ ⅛

NASDAQ NATIONAL MARKET

3pm prices January 8



FINANCIAL TIMES Tuesday January 9 1990

AMERICA

Prime rate cut helps Dow make a healthy recovery

Wall Street

WITH a fillip from the cut in prime rate by major banks yesterday, Wall Street stocks clawed back their early losses to achieve moderate gains for the session, *writes Roderick Oram in New York.*

The Dow Jones Industrial Average closed up 21.33 points at 2,794.58. Trading was moderate with 140.6m shares changing hands on the NYSE by early afternoon. Advances outnumbered declines by a ratio of eight to seven.

Stocks had opened lower with the Dow Industrials falling a maximum of some 11 points from Friday's close. The main concern of the markets is the possibility of weaker than forecast fourth quarter corporate profits.

Most analysts are forecasting a 1.5 per cent increase in earnings for companies in the Standard & Poor's 500 index. Among the big gainers should be long distance telecommunications, engineering, electronics, semiconductor and computer groups. Losers will include airlines, car and truck makers, truckers, steel makers and leisure companies.

But pessimists believe that some nasty surprises are lurking within the overall forecasts. In the worse case, the earnings for S&P 500 companies could fall a few points, they maintain.

Traders said stocks were also flagging because inflation and growth data are turning out firmer than expected, reducing the chance that the Federal Reserve will ease monetary policy before next month. The cut in banks' prime rate to 10 per cent from 10.5 per cent was long expected in the wake of the Fed's easing late last year.

The move was psychologically helpful, however, and triggered a round of futures-related buy programmes which in turn pushed up stock prices in the cash market.

Tobacco stocks were the most eventful sector after a court ruling in a celebrated case against Liggett, a leading cigarette maker.

A federal appeals court overturned damages that a lower court had awarded to relatives of a New Jersey woman who had died from cancer. But the family still maintained they had won a partial victory because the case was returned to the lower court for a new trial.

With the threat of new damage awards hanging over cigarette producers, their stocks came under pressure. Liggett was off $⅛ to $9⅞, Philip Morris dropped $1⅛ to $41 and was the most active NYSE stock with 3m shares traded. American Brands fell $1⅛ to $68¾ and Loews was off $2⅞ at $120⅞.

UAL, parent of United Airlines, dropped $2⅞ to $156⅝ after reports that management and Coniston Partner, a New York investor group, were unlikely to propose a buyout plan for the company by yesterday's deadline. However, it is likely Coniston, a large UAL shareholder, will continue work on other ways to increase shareholders' value.

Du Pont added $⅜ to $124⅞. The largest US chemicals producer said it would spend $1bn over the next 10 years to increase its nylon capacity. The nylon family of products remains a core component of the group's profits.

Canada

STOCKS fell in Toronto, with the market fearing that the Canadian economy is at greater risk of a recession than the United States.

The composite index fell 19.30 to 3,971.07 on low volume of 24.2m shares. Declines led advances 353 to 257.

Campeau fell 70 cents to C$2.60 on continuing uncertainty about its prospects for escaping bankruptcy.

Inco was among the most active shares, falling C$⅜ to C$30⅞ on higher London nickel stocks, with volume boosted by a large block trade.

Europeans go boldly into the new decade

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1990	Start of 1990	Start of 1990
Austria	+12.8	+21.0	+101.4	+12.8	+10.5	+12.3
Belgium	+1.7	+1.4	+11.0	+1.7	+0.4	+2.0
Denmark	+0.2	+0.3	+28.5	+0.2	-0.8	+0.8
Finland	+1.4	+1.1	+1.8	+1.4	+5.4	+1.4
France	-0.1	+1.2	+24.0	-0.1	-0.9	+0.7
W. Germany	+1.9	+8.8	+33.0	+1.9	+0.9	+2.5
Ireland	+5.9	+8.0	+43.0	+5.9	+5.0	+6.7
Italy	+1.8	+5.5	+12.5	+1.8	+0.6	+2.2
Netherlands	-0.8	-0.4	+18.6	-0.8	-1.6	+0.0
Norway	+6.3	+9.8	+43.7	+6.3	+5.4	+7.1
Spain	+0.2	-1.8	+7.5	+0.2	-1.1	+0.4
Sweden	+4.1	+10.9	+39.5	+4.1	+2.7	+4.3
Switzerland	+1.9	+1.2	+22.2	+1.9	+0.7	+2.3
UK	+1.2	+4.1	+31.8	+1.2	+1.2	+2.8
EUROPE	+1.2	+3.9	+26.9	+1.2	+0.6	+2.2
Australia	+4.0	+6.6	+18.5	+4.0	+1.9	+3.6
Hong Kong	+0.4	+1.4	+1.7	+0.4	-1.3	+0.3
Japan	-1.7	-1.8	+16.2	-1.7	-3.2	-1.6
Malaysia	+2.5	+9.6	+61.2	+2.5	+0.6	+2.2
New Zealand	+2.9	+1.8	+15.7	+2.9	+1.9	+3.6
Singapore	+5.3	+7.3	+44.7	+5.3	+0.2	+4.9
Canada	+0.7	+1.0	+16.6	+0.7	-0.9	+0.6
USA	-0.3	+0.9	+24.7	-0.3	-1.9	-0.3
Mexico	+1.3	+10.5	+142.9	+1.3	-0.05	+1.5
South Africa	+4.2	-0.1	+58.1	+4.2	+1.7	+3.3
WORLD INDEX	-0.4	+0.5	+21.2	-0.4	-1.7	-0.2

† Based on January 5th, 1989.

By William Cochrane

A BRAVE start to the 1990s by Europe just failed to offset declines in Japan and the US last week, and the World Index began the new decade with a decline of 0.4 per cent.

However, there was more of a bang than a whimper over the holiday season. West Germany was the focus of European investment activity for much of that time, with support coming from Japan, the US and, in Europe, from the UK, Switzerland and its own domestic professionals.

Between December 22 and January 3 the West German market scored a 10.1 per cent increase on Eastern European prospects, the strength of the domestic economy and the attractive level of its share prices compared with other developed markets.

It only eased off last Thursday and Friday, partly on profit-taking and partly on reports that Mr Mikhail Gorbachev, the Soviet president, had cancelled all foreign diplomatic meetings, raising fears about domestic political instability.

There was a similar pattern in Austria but, as Mr Chuck Mentcher of Carnegie International points out, Austria does not have the same potential pressures on its economy, in the shape of an influx of new Germans as well as domestic wage bargaining and consequent interest rate worries.

Austria, he says, delivers 35 per cent of its exports to West Germany and 15 to 20 per cent to Comecon, making it a good each-way bet on the European politico-economic situation. It has a strong economy, excellent corporate earnings prospects and its own influx of foreign investors.

It enjoyed a rise of 21 per cent between December 22 and January 3; and Morgan Stanley's recent recommendation that international funds should lift Austria from 4 to 6 per cent of their portfolios is almost an embarrassment, given Vienna's low ratio of stock market capitalisation to national GNP.

The other big winners in Europe last week were Ireland and Norway, with rises of 5.9 per cent and 6.3 per cent respectively. The stockbrokers, Davy's, say Dublin underperformed Europe in the last quarter of 1989, and has been catching up.

Norway ran up on a very firm oil price, which built renewed confidence in the economy, and on improved liquidity in the market as tax-favoured savings funds invested the money which the country's tax concessions to equity investors typically bring in during December.

In addition, says Ms Birgitte Kjolhede of Kleinwort Benson, there was speculative spice in companies like Nora, Freia, Mowi, Dyno and Elkem, where Norsk Hydro and Orkla Borregard have strategic stakes and were said to be thinking of exchanging some of them.

In the Asia Pacific region, meanwhile, there was a sharp contrast between Japan and the rest. Japan succumbed last week to domestic and international political worries whereas Australia and Singapore, particularly, made a good start to the year – the former on Wall Street, oil prices and foreign buying, and the latter, apparently, majoring on its economic growth prospects.

EUROPE

Weekend developments dominate trading

INTERNATIONAL investment interest returned to Frankfurt yesterday, Paris worried about money rates and Milan – partly responsible for this concern – made an encouraging start to the week, *writes Our Markets Staff.*

FRANKFURT saw a useful increase in share prices despite a weak bond market and bearish items on the corporate front. Institutional, foreign and private domestic buying took the FAZ index 10.40 higher to 766.31, and the DAX 23.24 to 1,843.23. Volume declined from DM10bn to DM8.4bn.

Blue chip risers included Daimler, Deutsche Bank and Siemens, up DM12, DM6 and DM5.50 respectively to DM321.50, DM833 and DM735.50. This, apparently a response to the news that Soviet president Mikhail Gorbachev would have some time for foreign diplomats this month after all, was augmented by a DM152 rise to DM2,720 in the insurance group, Allianz, on large buy orders.

However, Asko, the retailer, fell DM20 to DM850 after the West German economics minister, Helmut Haussmann, said that he would reject a planned joint venture between it and the Swiss-owned Metro group; and Nixdorf, the computer group, fell DM6.50 to DM309 after a weekend report that it would make a pre-tax loss of about DM1bn for 1989.

PARIS succumbed to concern over interest rates in the wake of the weekend devaluation of the Italian lira in the European Monetary System (EMS). Share prices closed about 1.3 per cent weaker as speculation spread that the French franc might be the next currency to be realigned, or that official interest rates would be forced up instead.

The CAC 40 index ended 25.41 down at 1,968.95 in turnover estimated at FFr3bn, after FFr2.9bn on Friday. Liquid blue chips, especially those that have performed well in recent days, saw big losses in active trading. CGE was down FFr18 to FFr533 in turnover of 528,000 shares, while Paribas fell FFr12 to FFr702 on 306,800 shares.

Eurotunnel was taken to court by the tunnel contractors, TML, over a FFr400m payment, and the share price fell heavily. But it ended well above its lows, down FFr2.15 at FFr62.85, on late hopes of an imminent solution in negotiations over the extra costs of the tunnel.

Among heavy falls, the supermarket group Docks de France dropped by a further FFr330, or 6 per cent, to FFr4,950 as takeover speculation faded following its plans to swap stakes with Alsacienne de Supermarchés.

MILAN edged up 0.95 to 702.07 in encouraging response to the devaluation of the lira by 3.1 per cent against the Ecu and some 4 per cent against the D-Mark; the lira is also to be made a "normal" currency within the EMS by limiting its margin of fluctuation to 2.25 per cent from the previous 6 per cent. A devaluation had been expected some two or three months before Italy's remaining exchange controls are lifted next July 1; the fact that it happened late last Friday will remove a negative, speculative element from the stock market.

However, the narrowing of the fluctuation band means that the market is less likely to be insulated from European interest rate fluctuations than it has been in the past.

BRUSSELS was unsettled by speculation that interest rates might have to go up further to defend the Belgian franc in the EMS. The cash market index closed 18.67 lower at 6,553.83.

Tessenderlo, the chemical company which is majority owned by EMC of France, fell BFr600 to BFr9,230 on disappointment that it would not become part of the Elf-Aquitaine group in the restructuring of the French chemicals sector.

MADRID was pulled down by weakness in the banking sector, the general index easing 0.98 to 298.23. The losses by banks were more technical than fundamental, analysts said; their gradual move to quotation on the continuous market, together with tough restrictions on the level of treasury stock they can hold, is limiting the banks' ability to support their share prices.

VIENNA bounced back from profit-taking at the end of last week, and the bourse index rose 8.12 to 574.41.

STOCKHOLM recovered from early losses to close firmer in active trade dominated by sharp gains in Astra shares. The pharmaceutical group's free A-shares climbed SKr24 to SKr460 and its free B-shares SKr15 to SKr455.

The Affärsvärlden General index closed at 1,292.1, up 5.1, on turnover of SKr438m.

ISTANBUL rose 3.6 per cent to a record high of 2,542 in trading volume of TL33.4bn, up from last week's daily average of TL26.7bn.

TRADING on the Amsterdam Stock Exchange was halted by computer problems for one hour yesterday, the third time in as many months that the automation system has broken down, *writes Laura Raun in Amsterdam.*

A loose electrical connection was blamed for the breakdown, which stopped trading from 2.20 pm until 3.30 pm.

The problem was not apparently linked to that on December 29, when trading – already shortened for the new year holiday – was limited to about 45 minutes by a computer failure. During last October's mini-crash, the computer system also broke down under an avalanche of orders. An internal probe into the system is being conducted.

The CBS tendency index declined 0.2 to 117.0, but there was a Fl 5.30 jump to Fl 89.50 by Nijverdal-Ten Cate, the plastics and textiles company, after it said its 1989 profits would be substantially higher than the previous year.

SOUTH AFRICA

FURTHER strong gains in gold shares sent the overall index surging to a new high of 3,190, up 100 points or 3.2 per cent.

The gold index jumped by 108, or 5.2 per cent, to 2,203 on expectations that the bullion price will go on climbing.

ASIA PACIFIC

Early advance trimmed as arbitrage sellers emerge

Tokyo

ARBITRAGE activity was the dominant influence in volatile but thin trading which left the Nikkei average with a marginal gain, *writes Michiyo Nakamoto in Tokyo.*

After opening sharply higher on buying in arbitrage with the futures, the Nikkei index had lost substantially by the morning close in reverse arbitrage selling. Later small-lot buying supported shares and the Nikkei managed a modest gain of 20.20 to 38,294.96 at the close.

During the day it had fluctuated between a high of 38,564.23 and a low of 38,121.10. Advances were just ahead of declines at 465 to 438, with 222 issues unchanged. Turnover was a paltry 520m shares, down from the 757m traded on Friday. The broad-based Topix index eased 0.50 to 2,834.11, while the ISE/Nikkei 50 index in London rose 1.15 to 2,122.26.

After its outbreak of nerves last Friday over talk of political problems in the Soviet Union, investors yesterday not only had to put up with erratic index-linked trading but also further yen weakness. The latter has put a dampener on optimism that interest rates will come down, and together with political uncertainties at home, is keeping investors relatively cautious in the short term.

"I think the market has entered a correctional phase," said Mr Morihiko Ida of Morgan Stanley Investment Advisory. "The question is how far it will fall."

At the end of last year, investors had bought substantially and the market had also risen on buying by index funds and on arbitrage. Share prices were already looking overheated on a technical basis and, although the increase in the official discount rate on December 25 did not trigger the correction, it just took some negative developments in the new year to bring it about.

The consensus was that prices would not fall substantially but that investors would refrain from active buying and that trading would continue in a narrow range until after national elections in February.

Yesterday the focus turned to smaller capitalised issues, particularly laggards. Kurabo, a textile maker, topped the actives list with 11.9m shares and rose Y23 to Y933. Investors were encouraged by its low price, still under Y1,000.

Dowa Mining, the company that attracted interest last year on news that an extremely high-yield vein of gold had been discovered near its mine, followed Kurabo with 11.7m shares traded, gaining a strong Y60 to Y1,520. Interest turned to mining issues as gold prices climbed in Tokyo.

Daihen, a heavy electric machinery maker, saw strong interest and added Y70 to a record high of Y1,190. The company was favoured on expectations that it will post record profits.

With the prospect of falling interest rates becoming less convincing, large capital issues were largely out of favour and Sumitomo Metal Industries lost Y15 to Y823. It was third in volume with 10.3m shares.

Small capitalisation issues dominated Osaka as well. The OSE average managed a modest gain of 3.25 to 38,883.77. Volume was down to a sluggish 35.9m shares from the 58.5m traded on Friday.

Roundup

THE markets of Asia Pacific went their different ways, Singapore proving resilient, while Australia and Hong Kong lost ground.

SINGAPORE rebounded from Friday's profit-taking, with the Straits Times industrial index reaching a record high, up 15.95 at 1,547.42, in active trading of 121m shares worth S$216m, against Friday's 194m worth S$403m. But there was growing talk of the need for a correction after last week's 3.4 per cent advance.

Landmark resumed trading after a month's suspension and jumped S$1.43 to S$1.90 on 2.6m shares.

AUSTRALIA ended lower after Wall Street's setback on Friday provided the excuse for profit-taking, but gold shares returned to favour and outperformed the market on the rallying bullion price.

The All Ordinaries index lost 11.0 to 1,699.8, after last week's 3.7 per cent rise, while the gold index put on 1 per cent. Volume was swelled by options-related activity to 103m shares worth A$316m, compared with Friday's 109m worth A$345m.

The strongest sectors last week, notably industrials and financials, were hit most heavily. National Australia Bank fell 8 cents to A$6.72 and ANZ Bank, which went ex a 22-cent dividend, ended 30 cents lower at A$5.94 as 13.2m shares changed hands.

HONG KONG compounded Friday's fall with a drop of 23.70 on the Hang Seng index to 2,816.24, to leave the market 1.8 per cent lower over the two days. The mood was cautious before the visit to Peking this week of Sir David Wilson, Governor of Hong Kong, and the trip to the colony next weekend of Mr Douglas Hurd, the British Foreign Secretary. Turnover was very low at HK$465m, down from Friday's HK$667m.

INDONESIA put on further strength, with the index rising 13.27, or 3.3 per cent, to 419.76 in active trading of 1.96m shares, up from 1.03m on Friday and 879,000 on Thursday.

The session was dominated by Indocement, which saw 686,500 shares traded and rose 550 rupiah to 10,650 rupiah.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JANUARY 8 1990						FRIDAY JANUARY 5 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	155.52	−0.8	139.45	131.63	−0.7	5.18	156.77	141.89	132.58	160.41	128.28	146.06
Austria (19)	210.84	+3.1	189.05	182.86	+1.4	1.33	204.59	185.18	180.38	210.84	92.84	94.62
Belgium (63)	159.17	+0.9	142.72	137.58	−0.4	4.04	157.71	142.75	138.07	159.17	125.58	131.76
Canada (120)	152.46	−0.5	136.70	128.06	−0.4	3.13	153.15	138.62	128.59	154.17	124.67	128.53
Denmark (36)	246.77	+1.1	221.26	217.74	+0.3	1.44	244.09	220.93	217.11	246.77	165.35	157.93
Finland (26)	137.30	+0.8	123.11	114.85	+0.1	2.43	136.14	123.22	114.71	159.16	118.63	126.35
France (125)	156.40	−0.5	140.23	139.59	−1.3	2.70	157.12	142.21	141.47	157.97	112.57	116.22
West Germany (96)	129.58	+2.2	116.19	112.44	+1.5	1.87	126.81	114.78	110.82	129.58	79.56	88.01
Hong Kong (48)	116.51	−0.8	104.47	116.85	−0.8	4.88	117.43	106.29	117.79	140.33	86.41	116.74
Ireland (17)	196.69	+1.6	176.36	175.35	+0.6	2.48	193.67	175.29	174.31	196.69	125.00	127.19
Italy (96)	101.86	+1.3	91.34	95.07	+0.2	2.40	100.59	91.04	94.90	101.86	74.97	84.22
Japan (455)	193.71	−0.2	173.69	176.39	+0.0	0.46	194.18	175.76	176.44	200.11	164.22	192.92
Malaysia (36)	234.29	+0.1	210.08	243.81	+0.0	2.19	233.98	211.78	243.89	235.69	143.35	147.21
Mexico (13)	334.64	+1.3	300.05	982.74	+1.3	0.53	330.46	299.11	970.11	334.64	153.32	160.58
Netherland (43)	144.06	+0.2	129.17	123.87	−0.5	4.31	143.82	130.17	124.49	145.66	110.63	111.85
New Zealand (18)	74.44	−0.3	66.74	65.97	−0.5	5.34	74.65	67.57	65.28	88.18	62.64	68.93
Norway (24)	214.74	+0.3	192.55	189.24	−0.5	1.44	214.01	193.71	190.19	214.74	139.92	147.93
Singapore (26)	187.46	+0.8	168.08	163.70	+0.2	1.78	185.94	168.29	163.36	187.46	124.57	130.75
South Africa (60)	207.47	+2.2	186.03	163.42	+3.1	3.46	203.01	183.75	158.48	207.47	115.35	115.35
Spain (43)	163.85	+0.1	146.92	135.30	−0.1	3.90	163.77	148.23	135.48	169.75	143.14	146.37
Sweden (35)	204.29	+2.0	183.17	185.38	+1.2	1.85	200.30	181.30	183.25	204.29	138.45	144.57
Switzerland (62)	96.90	+0.7	86.89	91.52	−0.1	1.95	96.25	87.12	91.62	96.98	67.81	78.02
United Kingdom (306)	163.94	+0.5	146.99	146.99	−0.5	4.27	163.15	147.67	147.67	163.94	133.28	134.70
USA (542)	143.17	+0.4	128.38	143.17	+0.4	3.27	142.55	129.03	142.55	146.29	112.13	114.42
Europe (991)	146.59	+0.7	131.44	129.75	−0.1	3.27	145.50	131.70	129.50	146.59	112.63	114.21
Nordic (121)	195.84	+1.4	175.60	168.14	+0.6	1.68	193.11	174.79	167.15	195.84	137.95	141.15
Pacific Basin (667)	189.41	−0.3	169.83	172.40	−0.1	0.70	189.91	171.89	172.51	194.72	160.44	187.87
Euro – Pacific (1658)	172.48	+0.1	154.65	155.39	−0.1	1.59	172.33	155.98	155.52	174.18	141.56	158.37
North America (662)	143.63	+0.4	128.78	142.22	+0.4	3.26	143.08	129.51	141.67	146.66	112.79	115.17
Europe Ex. UK (685)	134.66	+0.9	120.74	119.19	+0.1	2.60	133.43	120.77	119.05	134.66	96.30	101.17
Pacific Ex. Japan (212)	137.73	−0.6	123.49	122.70	−0.6	4.71	138.56	125.41	123.47	140.05	111.93	127.51
World Ex. US (1851)	172.22	+0.1	154.42	154.81	−0.1	1.66	172.06	155.73	154.89	173.77	141.49	156.91
World Ex. UK (2087)	160.48	+0.2	143.89	151.23	+0.2	1.95	160.20	145.00	150.99	162.00	136.98	141.18
World Ex. So. Af. (2333)	160.48	+0.2	143.89	150.71	+0.1	2.15	160.18	144.99	150.59	161.84	136.67	140.74
World Ex. Japan (1938)	145.37	+0.5	130.35	137.69	+0.2	3.32	144.65	130.92	137.43	145.52	114.51	115.38
The World Index (2393)	160.76	+0.2	144.15	150.79	+0.1	2.16	160.44	145.22	150.64	162.05	136.66	140.58

Constituent change 8/1/90: Deletion: Morgan Grenfell (UK).